

Serious about service delivery.



UTHUNGULU

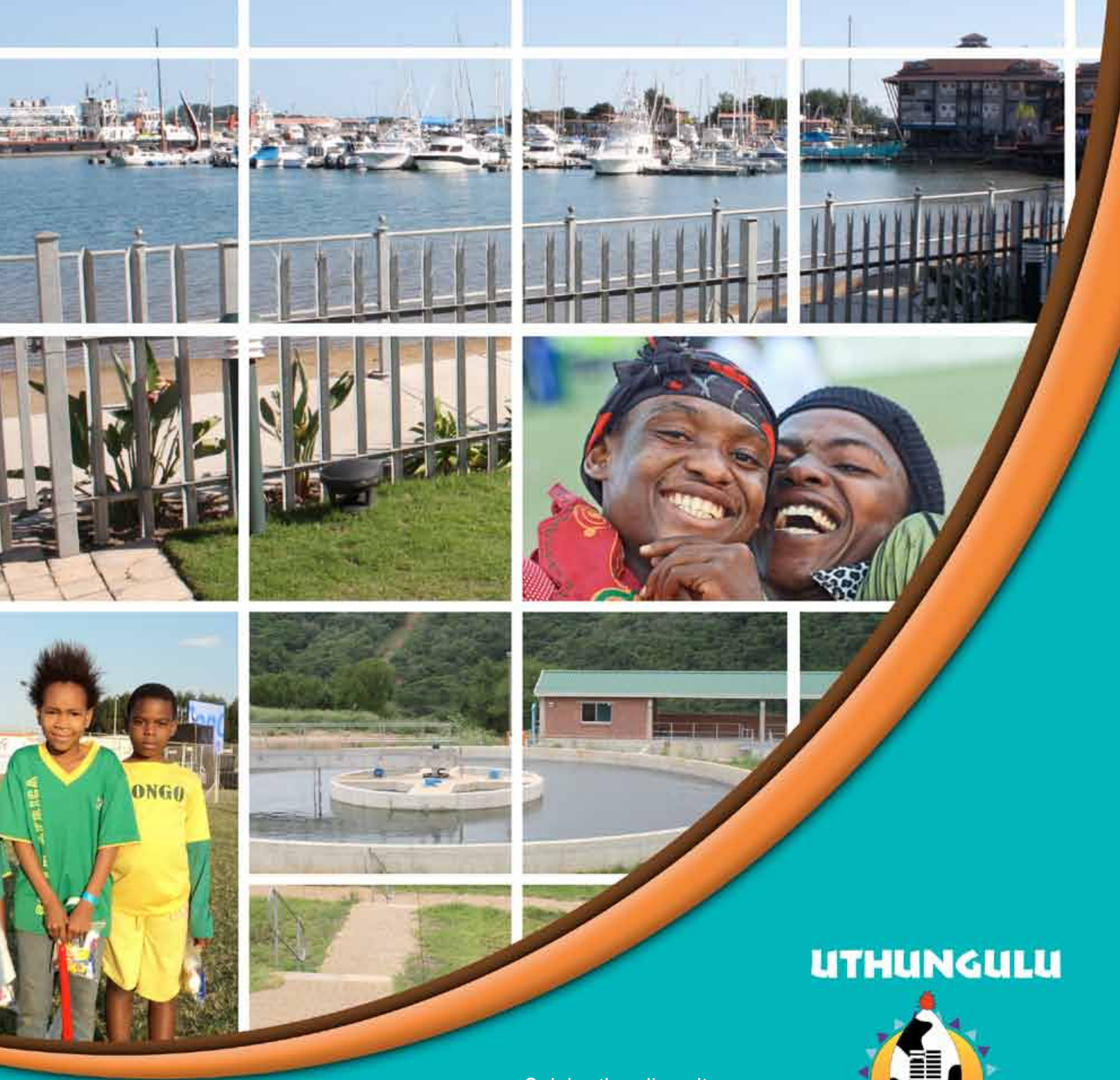


2009/10  
**ANNUAL** *report*





# SERIOUS<sup>about</sup> SERVICE DELIVERY



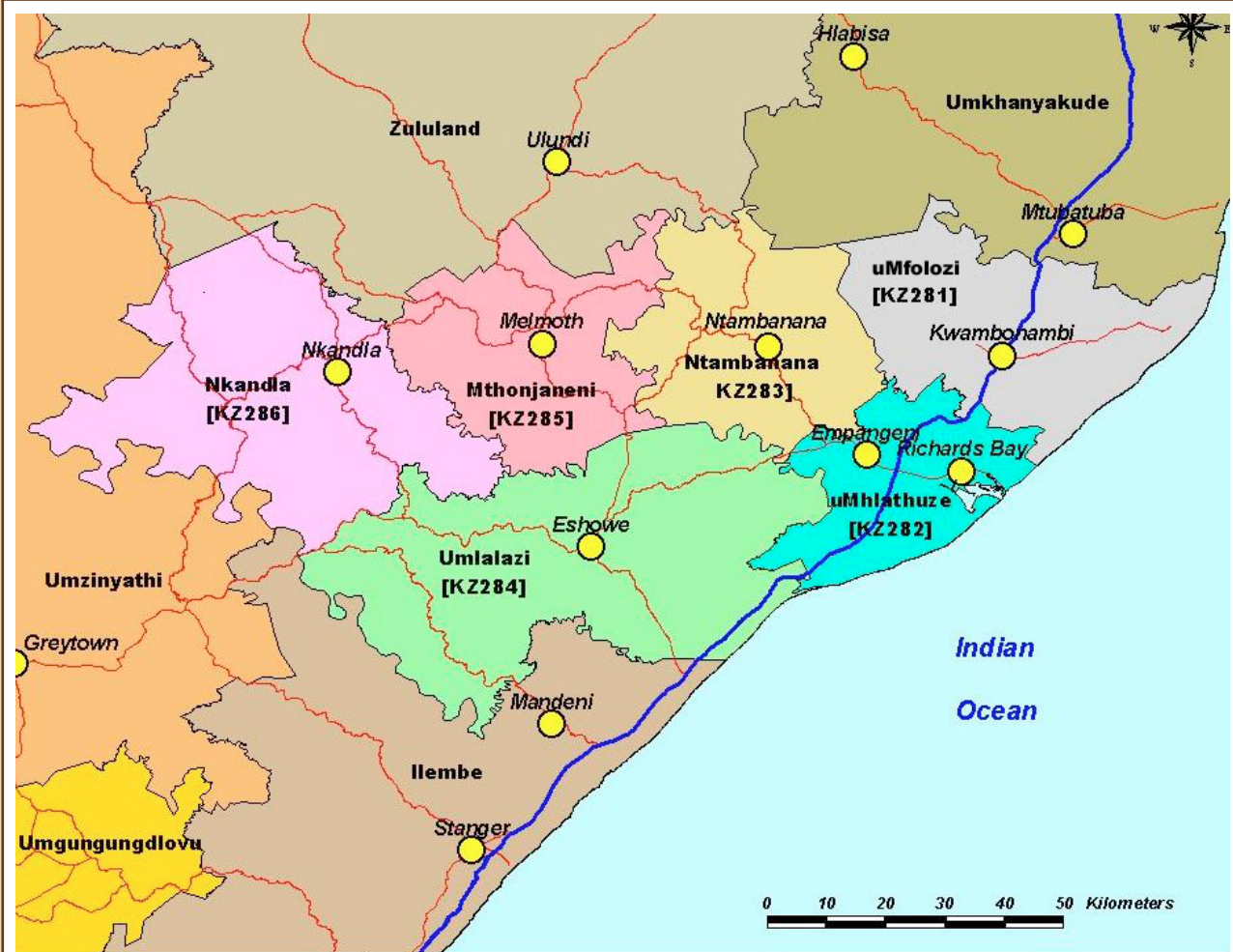
Celebrating diversity  
and embracing change with an  
unswerving commitment to service delivery.  
At uThungulu we believe in always putting our people first!  
*United we can make a difference.*

**UTHUNGULU**

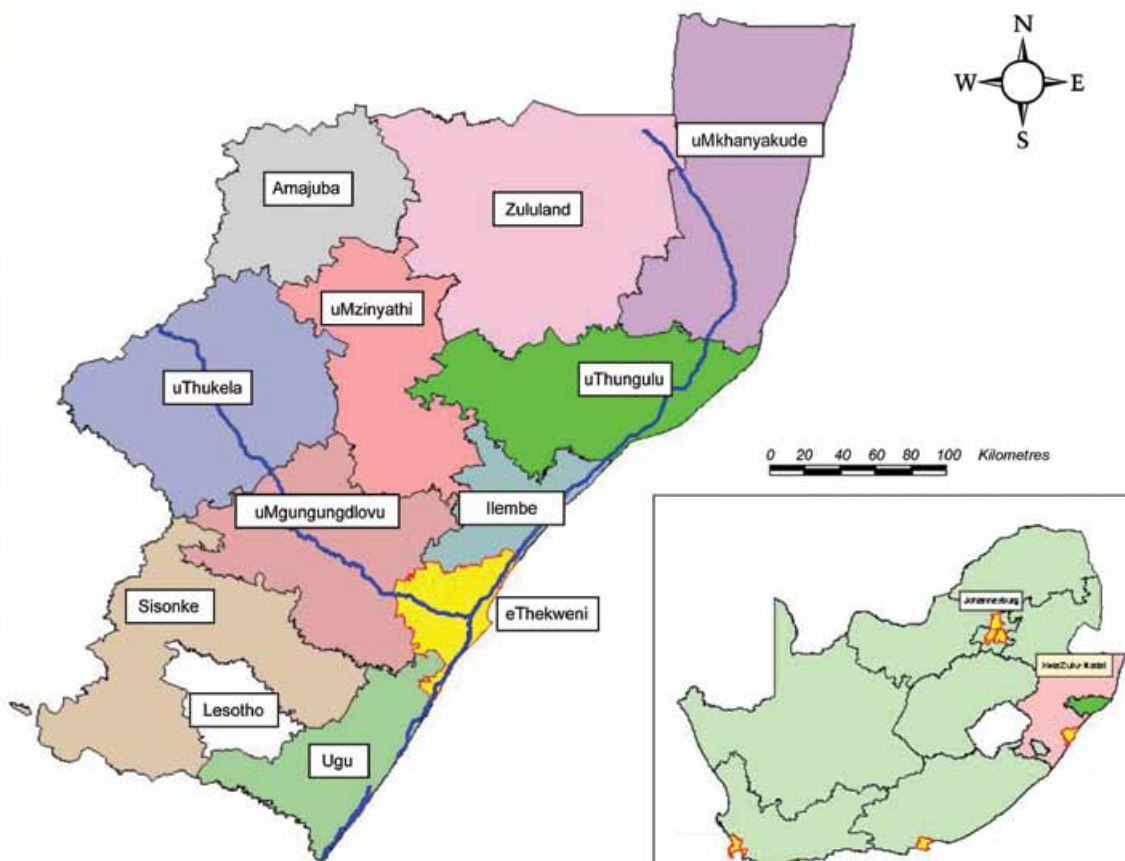




## The uThungulu District and its six constituent municipalities



The uThungulu District is situated on the East coast of the province of KwaZulu-Natal





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For more information on uThungulu, please visit our website: [www.uthungulu.org.za](http://www.uthungulu.org.za)

# Foreword by the Mayor



**His Worship the Mayor**  
Alderman Stan Larkan

As Mayor of uThungulu District Municipality, I am proud to present our Annual Report relating to financial and management performance for the 2009-2010 year.

The uThungulu District Municipality is one of the best-performing municipalities in KwaZulu-Natal with a consistent record of quality and reliability that has been steadfastly maintained through integrity, sound management principles, accountability and transparency.

Making the delivery of water and sanitation services our priority, we have nevertheless managed to forge numerous partnerships with the corporate sector to engage in social development projects in an attempt to holistically enhance the quality of life of our people.

An example of this is our partnership project to happen in the new financial year, to construct five 3-bedroom homes within Ntambanana Municipality for destitute families primarily with Foskor, Habitat for Humanity, Ntambanana Municipality and Traditional Authorities. The Department of Correctional Services and Business Against Crime will also be participating in the project by supplying paroled labour and the funding thereof respectively.

The District Municipality's public/private partnership with Foskor has yielded significant returns, including:

- Sponsorship of R1 million towards a Crèche and Community Centre at Ntambanana last year;
- An HIV/Aids grant of R90 000, which was used to train Peer Educators and distribute condom dispensers to our six local municipalities;
- Supply of sports equipment to the value of R15 000, which was distributed to needy schools in the rural communities.

An appeal in the local media for funding assistance to save the Empangeni SPCA from closure resulted in a wonderful show of support from local organizations in the region. Getting the ball rolling from a corporate level, the Mayoral Office pledged R15 000 and called on local industrial giants to meet or better this pledge. Within days the SPCA received in excess of R220 000, mainly via the Mayor's initiative, with additional funds coming from business, personal and community donations. The Mayoral fundraising drive elicited pledges from Tata Steel KZN, Richards Bay Minerals, Richards Bay Coal Terminal, Foskor, Mondi Business Paper, BHP Billiton and Exxaro Sands.

A long-standing relationship with local philanthropist and owner of AC Industrial, Mr Ishwar Ramlutchman resulted in the building of homes for identified Orphans and Vulnerable Children in uMfolozi and Umlalazi municipalities, the establishment of Feeding Schemes for destitute organizations, hosting of Christmas parties for underprivileged children at several venues, the donation of walking sticks to disabled and elderly people, and the handover of furniture and educational toys to crèches.

Our partnership with Richards Bay Minerals has yielded the donation of educational equipment and hosting of sports clinics for schools including crèche improvement projects.

Partnerships with Service Organizations have also been developed, such as Empangeni Rotary Club who contributed handsomely towards the construction of Siyaphambile Crèche at Ntambanana, the erection of notice boards, donations of furniture, wheelchairs and blankets for destitute families.

### **Community Services**

uThungulu Community Services Department has effectively launched a host of community based programmes, some of which are:

#### **Physically Challenged:**

Various activities were carried out to advance the cause of people with disabilities. These included an Awareness Workshop from 17 -18 November 2009 to promote the understanding of issues surrounding disabilities. Sign Language training was also provided to other groups who interact with the disabled. Further opportunities were facilitated to participate in the International Day for People with Disabilities in December 2009 at Mtubatuba Municipality. The district also transported delegates to attend the Parliament for People with Disabilities at Maphumulo Municipality during March 2010. The Community Services Directorate further co-ordinated attendance at the One Home, One Garden Campaign held during June 2010 in Pietermaritzburg, where the aim was to induct the disabled on the Integrated Food Security Strategy.

#### **Senior Citizens:**

A contribution was made towards expenses for four Senior Citizens from our region to attend the National Conference held in October 2009 in Bloemfontein. The uThungulu Senior Citizen's Forum was officially launched on 12 May 2010.

#### **Youth Programmes:**

Financial resources remain a major problem when it comes to funding Youth Programmes. Most of uThungulu's activities are therefore focused on the coordination of programmes that emanate from Provincial or National level. One such event was the Integrated Youth Development Strategy Workshop held in January 2010 to enable the youth members from the local municipalities to contribute towards this programme. The workshop was attended by 112 youth members from across the district with a District Youth Committee being elected.

#### **HIV/Aids Programmes:**

Support towards campaigns is primarily directed at reducing and ultimately eliminating the impact of HIV and AIDS in the communities. To this end, a number of projects were undertaken, including:

The handover of vegetable Seedlings to HIV Positive Support Groups and Community Care Centres.

HIV/AIDS Home Based Care Training was provided to volunteers rendering home based care services to the communities.

The district co-ordinated the uThungulu World Aids Conference in December 2009 at the Eshowe FET College, during which the One Home, One Garden Campaign was launched as part of a Flagship Programme.

Grant funding in the amount of R90 000 from Fokor to fight the scourge of HIV/AIDS was gratefully received. This was directed towards training Peer Educators and installation of Condom Dispensers within the District.

#### **Disaster Management:**

Fire Fighting and Disaster Management is a core area where the need for our services is of absolute and paramount importance. Runaway fires continue to be a major problem for the rural communities within

uThungulu. One major fire incident took place in May 2010, in the Mthonjaneni Municipality, where 18 families were seriously affected and one person fatally injured. uThungulu's Disaster Management Centre distributed relief materials in the form of food parcels and the area was visited by the Mayor and Councillors to offer comfort to stricken families.

#### **Kwanaloga Games:**

The Games remains the major Sports event in which uThungulu has participated over the years. During the year under review, these games were held in the uMgungundlovu District Municipality in December 2009. Our District fielded teams in each of the 13 Sport codes of the competition and was placed in overall 3rd position of the 10 participating Districts including 1 Metro. This year the honour of hosting the 2010 Kwanaloga Games will be bestowed on uThungulu. Young talent will be unearthed, nurtured, and given exposure as young athletes get a chance to represent their municipalities in 13 different sporting codes.

#### **Children's Rights:**

Early Childhood Development sites were identified as one of the means for advancing children's rights and most requests from the Educators were for furniture, which was secured and provided by uThungulu. Through partnerships with other Organizations in excess of 30 crèches have to date been constructed predominantly in the rural areas.

#### **Gender and Widowed persons programme:**

Various programmes were initiated to empower and educate affected women and widowed individuals and these will be continued into the future.

### **Economic mandate**

Despite demanding economic challenges we have for the eighth consecutive year achieved an unqualified audit and I am extremely pleased that our prudent financial management has been highlighted by the Provincial MEC for Finance. The considerable effort by the Management component and Political Leadership to curb debt and promote a culture of payment amongst our communities has contributed to this praiseworthy comment.

The economic downturn that has capitulated our country into a recession has severely affected businesses and workers in our district. We have been strategizing and cutting costs to channel funds where they are needed most, and am confident that our infrastructure programmes will be the key to unlocking the District's economic potential.

One of the biggest challenges facing this municipality in its attempt to deliver sustainable services is the persistent drought that severely impedes our efforts to establish permanent water supplies to our rural areas, especially in Ntambanana and Mbonambi due to persistent year-round droughts. The depletion of our natural water resources adversely affects the water tanker reduction plan, as it increases the demands for water delivery by tankers.

I believe the mortal threat of our generation and the real natural resource issue of the future will be the availability of fresh and potable water. It is an economic, environmental and socio-political imperative and as South Africa approaches a formal classification as being a Country of "extreme water scarcity" business and industry will need to lead the way in finding solutions. Our water resources are continually stretched to meet the demands of increasing population, affluence, business activity, urbanization and climate change. The effective use and availability of quality water is vital to our economic functioning and we need to be very



thrifty in our use thereof.

The Technical Services Department is to be complimented for their continued dedication and innovative initiatives in alleviating this devastating situation.

I am however disappointed at the lack of response from Provincial and National Government regarding our pleas for financial assistance, especially as water is of prime importance to survival. We implore the Provincial authorities to take note of our many letters of appeal in this regard and offer some form of funding to set off the cost of these services. As difficult as it is to contemplate, we will have no choice but to eliminate critical services if funding is not identified for the tankering of water to drought-stricken areas and fire fighting.

The stark truth of the matter is that the economic recession has affected our budget drastically and we have consequently had to embark on severe cost cutting measures in our operational expenditure. This includes amongst others significant reductions in staff and councillor benefits, freezing of existing vacant posts and prioritizing of projects according to funding availability.

The principles in compiling the Budget were based on prudence and affordability of the District, taking cognizance of the economic challenges facing our citizens, Municipality and Country as a whole.

Of prime concern is the outstanding debt and growing tendency of communities who are unable to fulfill their financial obligations, including Government Departments who are not timeously paying for services rendered and resulting in billions owed to Municipalities and this has a severe effect on service delivery.

We are still plagued by high rates of unemployment and this is always

a pressing issue. Infrastructure precedes development and through our capital infrastructure plans we hope to create more work opportunities through the promotion of local economic development projects. We have to be strengthening our constitutional democracy by giving our people the means to provide for themselves. The recession unequivocally demonstrated the speed and dexterity with which jobs are slashed in the economy and only through aggressive government spending can we turn this situation around.

We are always mindful of the need for the improvement of service delivery to our people and to do this we need substantial and additional grant funding from the Government and will continue to exert pressure on them.

### **Building on our success**

The phenomenal success of our country's achievements in hosting the 2010 Soccer World Cup, including the extensive coordination of all South African's support and willingness, enabled us to achieve what many thought was impossible. For uThungulu the hosting of the Nigerian National Team was an added bonus for the region, promoting the district as a tourist destination and a sporting hub.

"South Africa's success in hosting one of the best World Cups means we can no longer hide behind past disadvantages to justify mediocrity, inconsistency, corruption and greed. We owe it to ourselves, the African continent and the world to behave consistently and ethically; to deliver on promises and rhetoric with no excuses."

The District, Province and Country as a whole, needs to strive to promote tourism which creates more employment than service industries and in this regard we are continuously marketing our region as the destination





of choice to both foreign and domestic tourists.

The District unequivocally supports our commercial and small grower farmers and will continue to be sensitive to their requests and do everything possible to ensure sustainability of this sector. The Leadership of uThungulu acknowledges the important role of the farming communities and will make it our priority to ensure a spirit of good co-operation continues to exist. Both Provincial and National Government must also recognize this vital link in our economy and render capacity and show commitment whenever called upon to do so.

uThungulu will continue to perform its duties in an exemplary manner and to create and build a sphere of Government that will be respected by its citizens for its integrity, self discipline and outstanding customer service.

With the evolution of Intergovernmental relations came the promise of cooperative, compatible and 'seamless' governance, through which the constitutional ideals of cooperation in good faith and mutual trust between the spheres of government could be realized. It was hoped that this would result in spheres coordinating their actions and legislation, and assisting, supporting, informing and consulting one another but this has regrettably not been the case.

Listening to our political debate as this critical new decade gets underway, I am struck by its mind-blowing banality and irrelevance. We are at a vital phase in our development, for the foundations of the new South Africa have been laid and it is in the course of this decade that we must accelerate or we shall fall behind and fail to become a successful nation.

Improving the lives of former disadvantaged communities, especially those in the rural areas gives me great satisfaction and I convey my sincere gratitude to all the Corporates, Service Organizations and Business concerns for the overwhelming support I have received in the quest to fulfill these obligations.

We are blessed with a high caliber of staff, comprising well qualified officials in all our Departments, which is one of the reasons for our consistently high quality of services in our Finance, Corporate Services, Planning and Technical Departments headed by Candy Staniland, Krishen Moodley and Zwe Msomi respectively. Special mention must also be directed at our Municipal Manager BB Biyela, a man of great integrity and passion, under whose leadership the administration continues to outperform other municipal entities across the Country.

Mr Danie Lubbe, Deputy Municipal Manager also deserves praise for his exceptional achievements in managing the Sport Stadium upgrading in preparation for the 2010 base camp.

In conclusion may I thank our Councillors and officials from all departments who through their hard work and dedication, are continually striving to make uThungulu a benchmark municipality. Their unequivocal devotion to duty is acknowledged with sincere appreciation.

**STAN LARKAN (ALD)**

***Mayor : uThungulu District Municipality***

# Message by the Municipal Manager



**Municipal Manager:**  
BB Biyela

uThungulu is a strong leader in both government and social issues in the community, and is proud to continuously set the benchmark for sound financial management and ethical leadership.

For the fourth year in succession uThungulu was ranked among the top municipalities in KZN, receiving a credibility rating in the annual IDP assessments carried out for the province. The MEC of KZN Department of Cooperative Governance awarded uThungulu a Certificate of Recognition for consistently remaining among the top IDP achievers in the KZN Province.

It gives me considerable pride to report on the success of our 2010 stadium and base camp that was built within schedule in the City of uMhlathuze, leaving a lasting legacy for sports development in the district. We were thrilled to host the Nigerian National Football team for the duration of their stay during the Fifa World Cup, and in this regard our training facility was deemed top-notch.

A feather in our cap was the announcement that Thanda Royal Zulu football team had chosen the stadium as their home ground, which reinforces our belief that the construction of the sports precinct was well worth the investment. The addition of a synthetic athletics track funded by the Department of Sports and Recreation is currently underway, and funding models are being developed for the construction of Phase 2 of precinct, to enable it to become a Multi-Purpose facility, complete with conference facilities and an indoor sport arena.

Operating on a sound financial footing, the district has achieved eight consecutive unqualified Audit Reports from the Auditor General's office, a clear indication that the administration cannot be questioned or faulted in its duties. Our budget may be shrinking due to a reduction in revenue, but we are not cutting down on hard work, and are prioritizing our funding to where it is needed most – water and sanitation.

The council's highest priorities are aimed at eradicating rural backlogs for water supply and sanitation services, as measured against Rural Development Plan (RDP) standards. Our backlogs are steadily decreasing due to thorough planning, strict adherence to deadlines, prudent financial management and a tireless Technical Department, however the relentless drought and limited budget severely limits us in going as far as we would like to.

Service delivery also entails the upliftment of the marginalized groups in our communities, but it is saddening that the allocation of the lion's share of our budget to water services is cutting deeply into our proposed programmes to assist the Youth, Women, People with Disabilities and Children. Despite having very little budget to expand on these programmes, we still manage to offer a quality service to these needy sections of our society.



uThungulu once again held roadshows at all six local municipalities twice during the year to communicate our budget and assess the needs of our communities. These izimbizo are not held in every ward due to budget constraints, but they are widely advertised and the venues are moved around for every roadshow to ensure maximum participation by the people of all areas of our district. The roadshows allow for public feedback into our IDP process and provides an opportunity for community needs to be considered in the budget process.

The district's relationship with the House of Traditional Leaders is cordial and interactive and we foresee the strengthening of this relationship as we assist in the establishment of the Amakhosi district headquarters, and have already assisted in refurbishing the Nkandla hall to make it comfortable for the Amakhosi to have their meetings.

The uThungulu District Municipality has compiled a comprehensive Turnaround Strategy and we are confident of our capacity to achieve the majority of the targets of the Strategy, which are not many, as uThungulu has consistently set the benchmark for sound intergovernmental relations, a clean financial record and outstanding performance in service delivery.

Some issues are however beyond our control, notably the provision for drought through water tankering, and funding for disaster management. These services do not generate any income, yet they are putting a strain on our budget simply because the lives of our community members are dependent upon them.

The 2010/2011 Budget process has been the most excruciating and painful that uThungulu has ever encountered, as we felt the ripple effect of the economic recession on our revenue base. Consumers are battling and grant funding is not sufficient to meet our capital and operational needs for the coming three years.

The most difficult decisions brought about by the budget cuts were the trimming of water-related projects, such as Survival Borehole Water, water meter installations, extensions to existing projects and drought expenditure.

We will however not compromise on service delivery and all efforts are being made to ensure that we continue to spend all available funding on priority projects that have been identified in our IDP.

One of the most disappointing aspects of the reduced budget is our inability to spend more on local economic development. As one of the national Key Performance Areas this is an issue that we are desperately trying to address through applications for grant funding.

We have nevertheless managed to think out of the box when it comes to social development, and forged significant partnerships with the private sector to assist with community initiatives such as:

- A diverse and wide-reaching relationship with Foskor which has reaped funding for HIV/AIDS Peer Counselling, the construction of a crèche at Ntambanana and a current project that will see the construction of five houses at Ntambanana
- A partnership with Richards Bay Minerals for water-related projects
- The building of crèches and homes for orphans through public private partnerships with the Divine Life Society and local businessman Ishwar Ramlutchman
- We recently entered into a partnership with Boxer Superstores for the distribution of toys to local crèches and this is being expanded further into a Hunger Relief Project based on the dire need in the rural communities

This year we have been selected to host the Kwanaloga Games, which will bring hundreds of thousands of Rands in revenue to local accommodation establishments, restaurants, catering businesses, sporting goods suppliers and transport companies. This will be generated through the influx of sportsmen and women from each of the 10 districts in KZN and eThekweni Metro, who will converge in Richards Bay for the annual Games in December 2010.

Our relationship with the six local municipalities in the district has always been strong and with the ongoing Shared Services concept for Fire Fighting and Planning, we have been able to add capacity to our struggling local municipalities. We are exploring other fields where the Shared Services can be expanded, like Audit.

On a final note I would like to thank the District Mayor and the Council for their continued leadership and guidance through these stormy waters. I wish to also acknowledge the hard working officials of uThungulu, whose hard work is evident in our success. We are fortunate to have well qualified, experienced staff members who are dedicated to duty and I thank them for their contribution to our achievements.

**BB Biyela**  
Municipal Manager

# HEADS OF DEPARTMENTS



Municipal Manager: Bonginkosi Biyela  
Deputy Municipal Manager: Daniel Lubbe  
Chief Financial Officer: Candy Staniland  
Executive Director - Corporate Services: Krishen Moodley  
Executive Director - Technical Services: Zwe Msomi



# Introduction and Overview



The uThungulu District Municipality is a category C municipality and is located in the north-eastern region of the KwaZulu-Natal province on the eastern seaboard of South Africa. It covers an area of 8000 square kilometers, from the agricultural town of Gingindlovu in the south, to the Umfolozi River in the north and inland to the mountainous beauty of rural Nkandla.

This paradoxical district comprises the best and worst of the two economies of this country. We are home to several of the largest industrial giants in the world, the retail sector in our urban areas is burgeoning with economic activity, the agricultural and tourism potential is boundless and there are ever-increasing opportunities for local economic development.

On the other hand, crippling droughts and deep rural communities living in abject poverty are also strong characteristics of the uThungulu district, with a backlog of water and sanitation service delivery topping our list of priorities.

The district is home to six local municipalities: uMhlathuze, Ntambanana, uMlalazi, Mthonjaneni, Nkandla and Umfolozi. It has the third highest population in the province after the eThekweni Metro (Durban) and the uMgungundlovu district (Pietermaritzburg and surrounds).

uThungulu is well-endowed with natural resources. Its competitive advantages are:

- a good climate that opens up avenues for productive agricultural and tourism development;
- agriculture with irrigation infrastructure in place; and

- a scenic environment and coastal terrain which create opportunities for tourism development.

The uThungulu District Municipality allocates the majority of its annual income to capital infrastructure projects in five of its local municipalities: Umfolozi, Ntambanana, Mthonjaneni, uMlalazi and Nkandla; where the vast majority of residents live in rural homesteads and unemployment is at over 50%. Its challenge is to provide basic services such as water and sanitation to these people while stimulating local economic development, job creation and the growth of the small and medium business sector. The need to address poverty is one of the most critical issues. The municipality enjoys good relations with the business sector and non-governmental organizations.

uThungulu's unique qualities set it apart from many other regions in South Africa. It boasts the largest deepwater port on the African continent, which imports the most bulk cargo of all African ports. It has double the capacity of the Port of Durban to its south and handles in excess of 75 million tons of cargo annually. The development of the harbour facilities at Richards Bay has promoted the development of the manufacturing sector, such that it is the largest economic contributor to gross geographic product in uThungulu (51,4%).

uThungulu offers highly favourable agricultural conditions as it has extremely fertile soils, good precipitation and enjoys an excellent, frost-free climate all year round. A wide variety of bio-climatic conditions are on offer across the district, from the mountainous area of Nkandla down to the coastline. The agricultural sector is a dual economy, consisting of commercial agriculture on one hand and traditional agriculture on the other.

The commercial agricultural economy is based on the sugar and forestry industries. Traditional agriculture is practiced on most of the tribal lands in the district and has enormous potential for growth.

Confidence in uThungulu is increasing rapidly as investment flows into the region. Local economic development through sustainable means is a priority of the uThungulu District Municipality, which is focused on achieving this through community participation and empowerment. Various comparative advantages such as affordable labour, service costs and industrial land availability position uThungulu as a competitive investment destination.



### Powers and Functions

In terms of Circular 8/2008: 2008/09 Capacity Assessments and Recommendations: Adjustment of Powers and Functions between District and Local Municipalities in terms of Section 85 of the Local Government: Municipal Structures Act 1998, the uThungulu District Municipality has the following powers and functions to fulfill:

			281	282	283	284	285	286
1	S 84(1)(a)	Integrated development planning for the district municipality including Development Plan for the local municipalities within the area of the District Municipality						
2	S 84(1)(b)	Potable water supply that effects a significant proportion of the municipalities in the district						
3	S 84(1)(c)	Bulk supply of electricity						
4	S 84(1)(d)	Domestic waste-water and sewage disposal system						
5	S 84(1)(e)	Solid waste disposal sites serving the area of the District Municipality as a whole						
6	S 84(1)(f)	Municipal roads which form an integrated part of a road transport system for the area of the district municipality as a whole						
7	S 84(1)(g)	Regulation of passenger transport services						
8	S 84(1)(h)	Municipal airport serving the area of the district municipality as a whole						
9	S 84(1)(i)	Municipal health serving the area of the district municipality as a whole						



			281	282	283	284	285	286
10	S 84(1)(j)	Fire fighting services for district municipality as a whole						
11	S 84(1)(k)	Fresh produce markets and (abattoirs) serving the area of the district municipality as a whole						
12	S 84(1)(l)	Cemeteries and crematoria						
13	S 84(1)(m)	Promotion of local tourism for the district municipality						
14	S 84(1)(n)	Municipal public works relating to any of the above function or and other functions assigned to the district municipality						
	S 84(1)(o)	The receipt, allocation and if applicable distribution of grants made to the district municipality						
16	S 84(1)(p)	The imposition and collection of taxes, levies and duties as related to the above functions or may be assigned to the District Municipality in terms of national legislation						
18	Sched 4 B	Building regulations						
22	Sched 4 B	Local Tourism						
40	Sched 5 B	Licensing and control of undertakings that sell food to the public						
50	Sched 5 B	Refuse removal, refuse dumps, solid waste disposal and cleansing services						

281 – Umfolozi, 282 – uMhlathuze, 283 – Ntambanana, 284 - uMlalazi, 285 – Mthonjaneni and 286 – Nkandla

	Allocated functions to the District
	Functions omitted from existing enactment in terms of Extraordinary Provincial Gazette of KZN Vol3 No 299 dated 30 June 2009

The total population of the uThungulu District Municipality was 958,958 in 2008. Since 1996, the population of the uThungulu District grew at an average annual growth rate of 1.5 % per annum compared to the 1.1% population growth rate at the provincial and national level, thereby increasing uThungulu population share in KwaZulu-Natal from 9% in 1996 to 9.5% in 2008.

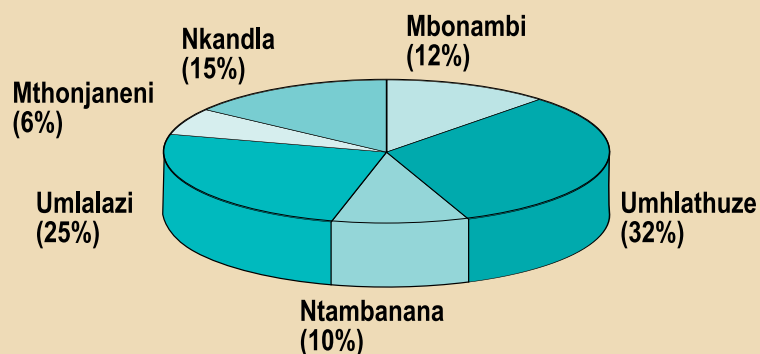
#### District Statistics

(Unless otherwise stated, all statistical information below has been gathered through our Quality of Life Survey 2007)

MUNICIPALITY	Pop	% Pop	Male	Female	0-19	20-64	65+
uMfolozi	106 924	12.1	46.6	53.4	53.2	42.4	4.4
uMhlathuze	289 175	32.6	48.4	51.6	44.5	52.7	2.8
Ntambanana	84 746	9.6	46.4	53.6	54.6	40.8	4.7
uMlalazi	221 066	25.0	45.3	54.7	52.8	42.0	5.2
Mthonjaneni	50 372	5.7	45.8	54.2	51.2	44.0	4.7
Nkandla	133 589	15.1	43.0	57.0	57.5	36.4	6.1
<b>uThungulu</b>	<b>885 872</b>	<b>100.0</b>	<b>46.3</b>	<b>53.7</b>	<b>50.9</b>	<b>44.7</b>	<b>4.4</b>

Source of information: Global Insight data, 2008

## Population Distribution in uThungulu



Demographic data per Local Municipality (2001)

**Table 1: Change in Population numbers**

	uThungulu	uMfolozi	uMhlathuze	Ntambanana	uMlalazi	Mthonjaneni	Nkandla
1996	791 287	101 163	199 705	76 169	240 289	37 569	136 392
1997	809 883	102 315	217 270	77 768	236 774	39 936	135 821
1998	828 194	103 371	235 279	79 327	232 823	42 359	135 035
1999	845 919	104 294	253 598	80 823	228 384	44 816	134 003
2000	863 456	105 138	272 283	82 303	223 591	47 324	132 818
2001	880 181	105 818	291 168	83 695	218 285	49 843	131 372
2002	895 634	106 324	308 888	84 966	213 182	52 306	129 968
2003	909 665	106 754	325 161	86 120	208 404	54 578	128 649
2004	921 895	107 060	339 878	87 114	203 859	56 634	127 350
2005	932 902	107 311	353 232	88 006	199 697	58 510	126 146
2006	942 856	107 528	365 293	88 819	195 939	60 216	125 060
2007	951 181	107 627	375 905	89 485	192 457	61 710	123 997
<b>Population Growth Rate (%)</b>	<b>1.49</b>	<b>0.49</b>	<b>0.49</b>	<b>1.30</b>	<b>-1.81</b>	<b>4.07</b>	<b>-0.79</b>

**Table 2: Incidence of HIV/Aids**

	KwaZulu Natal	uThungulu	uMfolozi	uMhlathuze	Ntambanana	Umlalazi	Mthonjaneni	Nkandla
1996	548 065	50 382	6 863	13 790	4 757	15 051	2 343	7 577
1997	724 922	67 367	8 964	19 667	6 336	19 264	3 305	9 832
1998	911 221	85 551	11 111	26 544	8 007	23 380	4 407	12 102
1999	1 093 690	103 761	13 158	34 032	9 670	27 078	5 594	14 230
2000	1 248 504	119 693	14 823	41 301	11 114	29 802	6 731	15 921
2001	1 382 173	133 897	16 196	48 435	12 390	31 772	7 832	17 272
2002	1 403 087	136 980	16 194	51 697	12 634	31 005	8 308	17 142
2003	1 457 086	143 357	16 630	55 934	13 206	31 109	8 967	17 511
2004	1 474 813	145 947	16 631	58 642	13 421	30 450	9 375	17 429
2005	1 436 264	142 829	15 997	58 899	13 108	28 729	9 394	16 702
2006	1 405 089	140 284	15 482	59 067	12 861	27 330	9 413	16 131
2007	1 361 817	136 440	14 861	58 450	12 499	25 847	9 313	15 470
2008	1 319 154	132 627	14 287	57 644	12 142	24 514	9 186	14 855

The percentage males in the population of KwaZulu-Natal and the uThungulu District is shown hereunder:

**Table : Percentage Males**

	KZN % males	uThungulu % males
1996	48	47
1997	48	47
1998	48	47
1999	48	47
2000	48	47
2001	48	48
2002	48	48
2003	48	48
2004	48	48
2005	48	48
2006	48	48
2007	48	49
2008	48	49

When considering age and gender the following information has been extracted with regard to population per age cohort:

It is interesting to note that it is only in the age cohort 35 - 39 that the female percentage passes the male percentage. The uThungulu age profile indicated that the majority of the population, approximately 60%, is between the ages of 15 and 64 with children accounting for about 36% of the population. The elderly only make up about 4.2% of the population.



#### **Provision for Indigents**

Indigents are defined as those people, due to a number of factors, who are unable to make monetary contribution towards basic services, no matter how small the amounts seem to be.

Registration criteria:

- Households where verified total gross monthly income of all occupants over 18 years of age does not exceed the combined total of the pensions of two old age state pensioners, or such other amounts as the Council may from time to time determine; and
- The applicant and any other member of the household does not own other fixed property than the one in which they reside; and
- The improved municipal value of the property on which the household resides does not exceed R 150 000.00
- uThungulu's indigent register is still being compiled, with applications still taking place. A true reflection of our total indigent population is therefore difficult to quantify, but figures taken from our Quality of Life Survey do indicate the following:

#### **Monthly household income**

OVER R3 499	R2 500 - R3 499	R1 100 - R2 499	UNDER R1 100
16.51%	18%	34%	30%



The survey results are summarized below:

#### Demographic Profile:

Municipality	TOTAL POPULATION SURVEYED	NUMBER OF HOUSEHOLDS SURVEYED	AVERAGE HOUSEHOLD SIZE
uMfolozi	911	139	6.55
Mthonjaneni	662	99	6.69
Nkandla	1 911	238	8.03
Ntambanana	658	117	5.62
uMhlathuze	1 995	294	6.79
uMlalazi	2 525	413	6.11
<b>uThungulu</b>	<b>8 662</b>	<b>1 300</b>	<b>6.66</b>

Average household figures have increased significantly in the district, more especially in Nkandla and uMhlathuze Municipalities. There were a number of absentee household members at the homes surveyed, mainly due to members looking for work, studying or working elsewhere. With regard to the gender distribution, females account for 55% of the population in all Local Municipalities, which is typical of a population with absentee males that live away due to work reasons.

#### Income Levels of Pensioner-Headed Households (%)

Municipality	0-400	401-800	801 - 1 600	1 601 - 3 200	3 201 - 6 400	6 401 - 12 800	12 801 - 25 600
uMfolozi	7.52	30.83	35.34	15.04	9.02	1.50	0.75
Mthonjaneni	11.58	34.74	40.00	11.58	0.00	2.11	0.00
Nkandla	8.19	19.40	32.76	25.43	8.19	6.03	0.00
Ntambanana	13.04	26.96	42.61	15.65	1.74	0.00	0.00
uMhlathuze	3.16	6.32	23.72	17.00	23.72	20.95	4.35
uMlalazi	9.82	27.68	40.77	17.26	4.17	0.30	0.00
<b>uThungulu</b>	<b>8.25</b>	<b>22.25</b>	<b>34.97</b>	<b>17.96</b>	<b>9.19</b>	<b>6.19</b>	<b>1.03</b>

#### Employment:

The survey shows that Richards Bay/Empangeni, Melmoth and Eshowe are the main places of employment in the district. Since 2004, the people from Mbonambi working in Richards Bay increased from 41,30% to 51,35%.

Although the largest percentages of people from Ntambanana work in Richards Bay/Empangeni, a significant proportion is also employed in Melmoth. Melmoth is the main place of employment in the Mthonjaneni Local Municipality. The proportion increased from 41,67% in 2004 to 51,79% in 2007.

Eshowe town is the main place of employment in uMlalazi – 59,03%.

A high percentage of people from uMhlathuze are employed in Richards Bay/Empangeni.

Employment outside the district borders also increased, notably an increase in employment in the eThekweni area.

#### Eradicating Backlogs

The council's highest priorities are aimed at eradicating rural backlogs for water supply and sanitation services, as measured against Rural Development Plan (RDP) standards. Within the context of the 2008/2009 to 2010/2011 budget and IDP, the following targets have been set for the uThungulu District:

- Water backlog – from 82% in 2001/02 to 31% in 2010/2011
- Sanitation backlog – from 80% in 2001/02 to 44% in 2010/2011

The following table provides a detailed summary of progress made in respect of the eradication of backlogs in water provision in the district, with the exception of uMhlathuze, which is its own water services provider.

### Water Backlogs Below RDP Standards

LM	Total No. Of Rural HH	Percentage Of Households Below RDP Standard						
		Actual				Predicted		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
		% backlog water	% backlog water	% backlog water	% backlog water	% backlog water	% backlog water	% backlog water
uMfolozi KZ281	21 961	43	40	31	23	17	10	6
Ntambanana KZ283	19 630	45	43	43	43	41	38	36
uMlalazi KZ284	54 028	53	53	54	53	52	51	52
Mthonjaneni KZ285	12 137	53	38	17	12	13	14	14
Nkandla KZ286	37 596	40	39	38	36	35	35	31
<b>uThungulu</b>	<b>145 352</b>	<b>47</b>	<b>45</b>	<b>42</b>	<b>39</b>	<b>38</b>	<b>36</b>	<b>34</b>

### Sanitation Backlogs Below RDP Standard

LM	Total No. Of Rural HH	Percentage of Households Below RDP Standard						
		Actual				Predicted		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
		% backlog sanitation	% backlog sanitation	% backlog sanitation	% backlog sanitation	% backlog sanitation	% backlog sanitation	% backlog sanitation
uMfolozi KZ281	21 961	55	54	50	47	46	42	39
Ntambanana KZ283	19 630	78	74	70	66	59	54	52
uMlalazi KZ284	54 028	87	87	86	85	83	82	80
Mthonjaneni KZ285	12 137	71	66	63	61	56	53	54
Nkandla KZ286	37 596	74	72	73	72	70	68	68
<b>uThungulu</b>	<b>145 352</b>	<b>76</b>	<b>75</b>	<b>73</b>	<b>71</b>	<b>69</b>	<b>66</b>	<b>65</b>

# *Vision and Mission of the uThungulu Municipality*

## **Vision**

"An economically sound district with effective infrastructure and a district that empowers people; protect the environment and demonstrates leadership excellence."

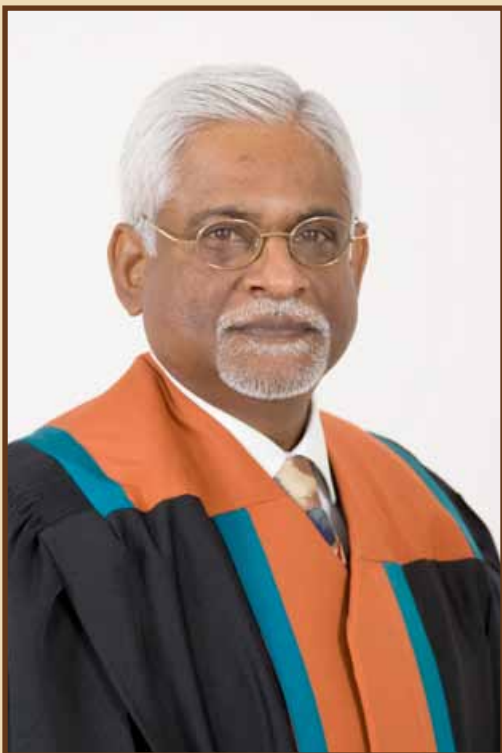
## **Mission**

To create a prosperous district by:  
Providing a high standard of essential basic services;  
Supporting sustainable local economic development; and  
Encouraging community participation in service delivery projects.





# Executive and Council: Speaker's Report



Cllr IJ Naidoo

The Constitution of the Republic of South Africa bestows to all people in our country rights to dignity, equality before the law, freedom and security. It reasserts our rights to freedom of religion, freedom of expression, freedom of association and movement, and freedom to practice our cultures in accordance with our traditions. Through the Constitution, the government, within its available resources, is committed to taking reasonable measures to ensure that all South Africans have access to basic needs, which include adequate housing, health care, education, food, water, and social security.

In line with what is enshrined in the Constitution, the Office of the Speaker, within uThungulu District Municipality, is amongst other things, charged with the responsibility of contributing towards ensuring that community members are able to enjoy their rights as espoused in the Constitution through affording them the opportunity to fully participate in the delivery of services. The Office of the Speaker does all this through the councillors who have all been empowered, through training and experience, to execute their responsibilities maximally. Each councillor is an effective agent of change that rallies the community around the projects being undertaken.

As it is known, uThungulu District Municipality has a responsibility of addressing those challenges that play themselves out on a larger scale, across all six local municipalities within the district. This is an enormous challenge, taking into consideration the pervasive nature of poverty faced by most people in the rural areas of the smaller municipalities within uThungulu District. Among the functions that the district fulfils are:

- District-wide integrated development planning;
- Infrastructural development and bulk service delivery;
- Capacity-building of local municipalities;
- Administrative assistance to local municipalities, where capacity is not yet established.

## Council Structure

The Council is composed of the following:

Alderman SB Larkan	-	Mayor
Cllr IJ Naidoo	-	Speaker
Cllr BV Mthethwa	-	Deputy Mayor

The Council has 39 Councillors:

IFP	=	23
ANC	=	13
DA	=	2
Fedco	=	1

All these Councillors are committed to offer their expertise and wisdom acquired, fast-tracked and maximized in order to deliver services to the people of uThungulu District Municipality without fail.

## Councillors

1. Cllr. IJ Naidoo - Speaker
2. Cllr. I Stone
3. Cllr. ST Khumalo
4. Cllr. DT Dlamini
5. Cllr. MB Mthiyane
6. Cllr. BP Dunge
7. Cllr. M Mnguni
8. Cllr. TC Mashaba
9. Cllr. MJ Mabuyakhulu
10. Cllr. ESW Mthimkhulu
11. Cllr. EM Conco
12. Cllr. FPB Mpungose
13. Cllr. DM Herbert
14. Cllr. DA Nxumalo
15. Cllr. MB Myeni
16. Cllr. MET Magwaza
17. Cllr. NS Buthelezi
18. Cllr. M Dlodla
19. Cllr. JM Zulu
20. Cllr. WJ Harris
21. Cllr. SZ Dlamini
22. Cllr. ZO Zulu
23. Cllr. AZ Mnqayi
24. Cllr. NV Gumbi
25. Cllr. MM Mbokazi
26. Cllr. NB Mzimela
27. Cllr. BT Mnqayi
28. Cllr. I Woollatt
29. Cllr. MJ Xulu
30. Cllr. BZ Mncadi-Mpanza
31. Cllr. LCM Fourie
32. Cllr. DK Palavar

## Exco - 7

33. Ald. SB Larkan - Mayor
34. Cllr. BV Mthethwa - Deputy Mayor
35. Cllr. M Simelane
36. Cllr. HC de Villiers
37. Cllr. T Mchunu
38. Cllr. ME Mzimela
39. Cllr. DMO Ngcobo



Ald. SB Larkan - Mayor



Cllr. BV Mthethwa - Deputy Mayor



Cllr. M Simelane



Cllr. HC de Villiers



Cllr. T Mchunu



Cllr. ME Mzimela



Cllr. DMO Ngcobo

The Officials and Councillors are remunerated as follows:

	2010 R	Group 2009 R	2010 R	Municipality 2009 R
<b>Remuneration of Municipal Manager</b>				
Annual Remuneration	800 518	738 702	800 518	738 702
Car Allowance	330 800	277 778	330 800	277 778
Performance Bonuses	132 020	121 902	132 020	121 902
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 264 880</b>	<b>1 139 921</b>	<b>1 264 880</b>	<b>1 139 921</b>
<b>Remuneration of Deputy Municipal Manager</b>				
Annual Remuneration	701 734	668 067	701 734	668 067
Car Allowance	323 323	305 880	323 323	305 880
Performance Bonuses	124 439	113 093	124 439	113 093
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 151 038</b>	<b>1 088 579</b>	<b>1 151 038</b>	<b>1 088 579</b>
<b>Remuneration of Executive Director Technical Services</b>				
Annual Remuneration	718 564	671 426	718 564	671 426
Car Allowance	179 018	172 493	179 018	172 493
Performance Bonuses	116 034	107 141	116 034	107 141
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 015 158</b>	<b>952 599</b>	<b>1 015 158</b>	<b>952 599</b>
<b>Remuneration of Executive Director Corporate Services</b>				
Annual Remuneration	769 755	679 747	769 755	679 747
Car Allowance	202 475	193 660	202 475	193 660
Performance Bonuses	117 426	107 141	117 426	107 141
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 091 198</b>	<b>982 087</b>	<b>1 091 198</b>	<b>982 087</b>
<b>Remuneration of Chief Financial Officer</b>				
Annual Remuneration	824 861	769 615	824 861	769 615
Car Allowance	93 190	86 287	93 190	86 287
Performance Bonuses	118 818	109 712	118 818	109 712
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 038 411</b>	<b>967 153</b>	<b>1 038 411</b>	<b>967 153</b>
<b>Remuneration of councillors</b>				
Executive Mayor	429 861	314 647	429 861	314 647
Deputy Executive Mayor	435 274	406 949	435 274	406 949
Executive Committee	1 226 740	1 917 689	1 226 740	1 917 689
Speaker	466 443	404 696	466 443	404 696
Councillors	2 434 655	1 581 395	2 434 655	1 581 395
Councillors' pension contribution	422 240	396 096	422 240	396 096
	<b>5 415 213</b>	<b>5 021 472</b>	<b>5 415 213</b>	<b>5 021 472</b>

#### In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council which is included with other expenditure in the Statement of Financial Performance. To note the mayors remuneration in 2009/2010 is paid based on the difference of a full time mayor and that of a part time councillor of uMlalazi Municipality. The municipality continued with the existing lease agreement for the first 6 months of the year and subsequently purchased the said vehicle for Mayoral duties.



## Council And Its Meetings

In accordance with Municipal Notice No 143 dated 13 July 2000 (as corrected by Municipal notice no 175 dated 22 August 2000) the Council of uThungulu District Municipality consists of 39 Councillors. The Executive Committee is made up of 7 Councillors.

During the 2009/10 financial year a total of 70 meetings of Council and its Committees were held. This total is made up of meetings as follows:

Plenary Sessions of Council	12
Executive Committee meetings	18
Technical Portfolio meetings	5
Planning portfolio meetings	4
Corporate Portfolio meetings	7
Community Portfolio meetings	5
Financial Portfolio meetings	10
Audit Portfolio meetings	4
Rules Portfolio meetings	0
Oversight Committee	2
Performance Audit	3

# Department of the Municipal Manager



**Municipal Manager:**  
BB Biyela

## **Vision**

A municipal manager's office that promotes an economically sound district with effective infrastructure and a district that empowers people; protect the environment and demonstrates leadership excellence.

## **Mission**

To develop and maintain effective managerial processes and practices to ensure the creation of a prosperous district by:

- Managing the provision of a high standard of essential basic services
- Ensuring management practices that support sustainable local economic development
- Promoting the encouragement of committing participation in service delivery projects

## **Core Values**

- To promote the value of integrity among officials
- To promote transparency in the way that the municipality conducts its business
- To foster a culture of commitment in respect of service delivery within the municipality's servicing area
- To ensure a spirit of cooperation within the municipality, among municipalities within the district, with other districts as well as with provincial and national spheres
- To promote a culture of innovation in the carrying out of functions and delivery of services to the communities within the servicing area of the district.

The office of the Municipal Manager consists of the following offices:

- Municipal Manager
- Deputy Municipal Manager
- Public Relations Manager
- Planning and Development Services
- Legal Services

The Municipal Manager is the Accountable Officer in terms of prevailing local government legislation and responsible as Chief Executive Officer for the effective and efficient operations of the uThungulu District Municipality as an institution.

It is the responsibility of the Municipal Manager as "Accountable Officer" to:

- Promote sound financial management throughout the municipality;
- Be responsible for all income and expenditure, all assets and the discharge of all liabilities;

- Ensure compliance with the Municipal Finance Management Act (MFMA) No. 56 of 2003;
- Prevent fruitless and wasteful expenditure;
- Disclose all information on debts
- Ensure the development and implementation of the Integrated Development Plan (IDP), which consists of five development strategies upon which the annual budget is based.
- Ensure the further development and implementation of an automated Performance Management System to measure service delivery in terms of performance indicators of each Key Performance Area (KPA) under the following programmes:

**Economically Sound District** - Local Economic Development, Local Tourism Development, Agricultural Development and Business and SMME Development.

**Effective Infrastructure** - Internal Fixed Assets and Buildings, Potable water, waste water and sanitation, Water Service Authority and Planning, Energy, Regional Solid Waste, Regional Cemeteries and Crematoria, Municipal Roads and Public Transport Services, Municipal Airports, Municipal Public Works and Telecommunication and Technology.

**People Empowerment** - Internal Fixed Assets and Buildings, Municipal health, Education, Training and Capacity Building, Safety and Security, Community Services, Facilities and Actions, Disaster Management, Fire Fighting, Poverty Alleviation, Marginalized Groups and HIV/Aids.

**Integrated Environment** - Internal Fixed Assets and Buildings, Integrated Development Planning, Land Reform, Housing, Environmental Management and Planning Implementation Management Support (PIMS).

**Leadership Excellence** - Internal Fixed Assets and Buildings, Financial Control, Management Services, Administrative Services, Public Relations and Communications, Special Projects and Performance Management Programme.

The Municipal Manager is also responsible for the following strategic portfolios:

- Co-ordination of Operational Activities within uThungulu District Municipality;
- Compliance with the provisions of the Municipal Finance Management Act (MFMA);
- The promotion of Intergovernmental Relations. This is done via regular meetings of the District Mayor's Coordinating Forum and the Municipal Manager's Technical Committee. Annual IDP stakeholder forums also serve a similar purpose of synergizing the district's activities with that of the local municipalities and provincial government departments.
- Promotion of Batho Pele principles to monitor and evaluate the effectiveness of service delivery or bottlenecks in the process that threatens to prevent services from reaching the poorest of the poor.

The municipality's main sources of revenue are:-

- Grants and Subsidies from national and provincial governments;
- Equitable share from national government;
- Service charges from water, sanitation, electricity and solid waste services provided by the district;

- Interest from investing the municipality's funds and interest charged for services not paid on time by consumers;
- Other - including tender deposits and other income collected by the municipality from other service charges e.g. copies and faxing services.

Approved credit and debit bylaws are in operation within the uThungulu District Municipality. The main support for capital spending is from the Municipal Infrastructure Grant (MIG). About R230m over three years is directed towards the basic infrastructure services, primarily water and sanitation. All the programmes and projects will be designed to meet the principles of the Expanded Public Works Programme (EPWP) with regards to, inter alia, labour intensive construction methods and capacity building. This also makes a significant contribution to job creation in the rural areas, where unemployment is estimated at about 45%.

Other revenue sources include National and Provincial Grant funding towards addressing priorities, identified through respective IDP's at district and local municipality level. The district was also one of the four recipient districts that received grant funding to establish a multi-purpose sport stadium aimed at Soccer 2010, to host a 2010 Base Camp as an official satellite to eThekweni.



## Legal Services

The role of the Legal Services Unit is to manage the provision of a comprehensive, efficient and effective legal service to the municipality to safeguard the municipality's interest in all legally related matters and to ensure that all the municipality's operations are conducted within the parameters of applicable legislation.

During the past year Legal Services provided various legal opinions to the municipality ensuring that informed decisions are taken and to safeguard the municipality against legal actions. Legal Services has been involved in either drafting or vetting of various agreements which the municipality has concluded or in the process of concluding thus ensuring that the municipality's interests are legally safeguarded. Legal Services has drafted a Standard Service Level Agreement which will also ensure that the municipality's legal interests are protected in its contractual relationship with the various service providers. This Standard Service Level Agreement is being used already by the municipality.



The Legal Services Unit does constant research to advise the municipality on the latest developments in the legal space. In this regard, there are numerous amendments affecting local government that have been proposed through the Local Government: Municipal Systems Amendment Bill, 2010 and the Draft Regulations of Municipal Staff Members as Candidates for National, Provincial and Municipal Elections. Through the Legal Services Unit uThungulu District Municipality has commented on both the Amendment Bill and Draft Regulations and submitted its comments to the National Department of Cooperative Governance. The Legal Services Unit plays a role in the drafting and the ongoing review of Bylaws and attends to legal formalities in respect of the promulgation of same.

### Public Relations

The Public Relations Section concentrated the majority of its focus on the promotion of community activities during the year under review, facilitating a large number of sod-turning events, handovers to needy organizations and organizing of roadshows and mayoral visits. The municipality also generated a generous amount of newspaper coverage due to the District Mayor's active public interaction process, which resulted in various sponsorship drives and community upliftment projects being undertaken. Among these was the sponsorship of several local soccer clubs, the Zululand Mental Health Society, Business Against Crime and the annual Diwali festival, the handover of homes built through a public partnership project and the hosting of the Nigerian Football team during the 2010 World Cup.

The Public Relations Manager is responsible for the following:

- To promote community participation in local government;
- To promote synergies with the private and public sector to market the district;
- To improve the municipality's public image by communicating in a transparent, effective and pro-active manner;
- Batho Pele
- Intergovernmental Relations
- Head of the District Communications Forum

The section also organized two sets of roadshows to the local municipalities to communicate the district's IDP and 2009/2010 budget process, as well as various events to commemorate landmark projects. These included three sod-turning events to mark the construction of the third phase of sanitation projects in Nkandla, Umlalazi and Mthonjaneni municipalities; and the opening of Cell 2 of the Regional Solid Waste Site.

A successful Golf Day was held in May 2010, with the sponsorship of our corporate partners and suppliers, allowing the district to network with its invaluable local service providers and business organizations.

Through the District Communications Forum, the district is able to liaise with and capacitate the communications and public relations staff of the local municipalities and provincial government departments. The DCF was formed as part of a national communications strategy to ensure co-ordination of an integrated and coherent system of government communication from the national to the provincial sphere. It ensures that communication messages and information reach all government spheres as well as create an effective interface of communicators from

all spheres. The municipal communications programme is therefore being co-ordinated and synergised with provincial and national programmes.



### Communication Tools

A number of different communication tools were used to promote the uThungulu District Municipality in the public arena as part of the 2009/2010 communications strategy.

#### Roadshows

A total of 12 IDP/Budget roadshows were held between October 2009 to April 2010 at our six Local Municipalities, involving a cross-functional team from the Technical Services Department; Finance; Planning and the Municipal Manager's Department. His Worship the Mayor was present to deliver the main address at every roadshow. The purpose of the roadshows was to communicate uThungulu's multi-year budget and Integrated Development Plan to the communities it serves, with the objective of achieving community participation in the budget and IDP. The roadshows also served to create an awareness of the functions and powers of the district municipality and helped engender a culture of payment for services.

An overwhelming average of about 1000 people attended each roadshow, with pre-publicity being done by means of broadcast messages on community station Radio Icora, advertisements in the mainstream press and mobilization by ward Councillors. The roadshows received a tremendously positive response from communities throughout the district. It also highlighted the importance of maintaining face-to-face contact with our communities, as it not only raises the profile of the municipality, but also helps in raising awareness of the individuals who serve the communities, i.e. the Mayor, Councillors, Municipal Manager and municipal officials.

#### Media liaison

An enormous amount of free media publicity was generated through the publication of press releases to help promote an understanding of uThungulu's core business amongst its stakeholders. A variety of different publications and newspapers carried articles on Council initiatives and events throughout the year. They included local, provincial and national print media, radio and television broadcasts.

#### Radio slots

The Mayor also has a monthly, five-minute slot on Radio Ukhozi to talk

about matters relating to the Integrated Development Plan and events of interest to our communities. Snap surveys at the roadshows showed that the majority of people in the deep rural areas had heard about them on Radio Ukhozi. Radio is by far the most effective means of communicating with these remote areas as the residents do not have access to newspapers.

#### Advertising

uThungulu participated in a number of supplements in the Zululand Observer and Zululand Fever on topics such as HIV/Aids; Women's Day and the Matric examinations. We also advertised in a number of corporate publications, including: Opportunity, BBQ Scorecard and KwaZulu Natal Business.

#### Service Commitment Charter

A Service Commitment Charter was published in March 2010 in English and Zulu, and distributed at all our roadshows. Copies were also made available at all uThungulu offices. The Charter contained general information about the municipality and committed us to a certain level of service. It also detailed the main Key Performance Areas as contained in our departmental Integrated Actions Plans. In addition to this we also included critical information on Batho Pele, our water services, access to water, billing services, our Indigent Policy, Disaster Management and other community services. The booklet is a vital tool that the community can keep with them containing toll free contact numbers for water queries and disaster reporting.

#### Izindaba Ezimtoti

Our monthly external newsletter Izindaba Ezimtoti has proven to be an invaluable communication tool, containing interesting articles and

dynamic photographs in English and Zulu, depicting events, activities and information relating to the district.

A total of 15 000 copies of the Ezimtoti are printed each month and distributed to businesses in Empangeni, Richards Bay, Kwambonambi, Mtunzini, Eshowe and Melmoth, as well as the nine libraries in the district and to the offices of the six local municipalities.

#### Ezisematheni

A monthly staff newsletter, the Ezisematheni is distributed internally to all employees of the municipality, carrying staff news and policies. The newsletter is both informative and fun, using an informal approach that aims to provide light reading for the staff.

#### uThungulu website

The uThungulu website was revamped to bring it more in line with the style of provincial government departments, to allow for easier navigation and to enhance the content.

#### Zululand Expo

uThungulu was once again an exhibitor at and a sponsor of the annual Zululand Expo. uThungulu hosted a circus school for young children and paid for the transport and meals of 15 school children from rural areas on each of the three days. The children had their first opportunity to visit the Expo and participated in the circus training, which was a memorable occasion for them. The Zululand Expo remains a useful way of enhancing uThungulu's visibility in the local community and helping to educate the public.



# Department of the Deputy Municipal Manager



**Deputy Municipal Manager:**  
Danie Lubbe

## Overview

For the 09/10 financial year, the office of the Deputy Municipal Manager took responsibility for the following Strategic Key Performance Areas (KPA's):

- Heading the Department of Planning and Development;
- Strategic and Integrated Development Planning;
- Local Economic Development (LED);
- Organisational Performance Measurement System (OPMS);
- Bid Adjudication;
- Shared Services for Development Planning;
- Enterprise Risk Management (ERM);
- Special Projects: 2010

## Strategic and Integrated Development Planning (IDP)

The 2009/10 financial year saw the third review being conducted for 09/10 of the 5 year IDP for the period 1 July 2007 to 30 June 2012.

The review process once again took into consideration the Vision, Mission and the 5 Key Strategies which in essence are the 5 building blocks of the IDP. These 5 Key Strategies also strongly resemble the 5 Key Performance Areas of National Government as well as the 6 Key Performance Areas of the KwaZulu-Natal Provincial Government

The 5 Key Strategies in terms of the 5 year IDP are:

- An Economically Sound District;
- Effective Infrastructure;
- People Empowerment;
- An Integrated environment;
- Leadership Excellence

The review process required the revision of all programmes and participating projects in the five year IDP through community and stakeholder participation. One on one alignment meetings were held with national and provincial government departments, parastatals and service utilities. Stakeholder and alignment meetings were also held with all local municipalities within the uThungulu family of municipalities as well as neighbouring district municipalities on cross-boundary issues. A very successful Annual Growth and Development Summit was also held as part of the IDP Review Programme. The municipality once again embarked on an aggressive IDP Roadshow campaign throughout the district where twice during the financial year, communities in all six participating municipalities were visited, the first round scheduled prior to the compilation of the IDP Review in order to receive input into the process and the second round after compilation of the IDP Review and aligned Budget, to inform communities on the outcome.

All legislative requirements and timeframes in respect of the IDP Process plan, IDP Roadmap and the finalisation, adoption and submission of the



IDP Review was successfully complied with, and the final IDP Review was submitted to the KZN COGTA way before the deadline of 30 May 2010. uThungulu for the fourth year in succession was ranked among the top municipalities in KZN in receiving a credibility rating in respect of its IDP as a result of the annual IDP assessments carried out by an assessment panel consisting of representatives from National, Provincial and Local Government. The MEC of KZN COGTA awarded to the uThungulu District Municipality a Certificate of Recognition of consistently remaining among the top IDP achievers within the KZN Province.

### Local Economic Development (LED)

The primary aim with uThungulu Local Economic Development initiatives is to create an environment which is conducive to economic development. uThungulu's entire budget is therefore aimed at stimulating the economy, but over and above that, the strategy "Economically Sound District" focuses on specific interventions towards developing and stimulating the local economy in the Tourism, Agriculture and Business & Industry Sectors.

We know from our LED Strategy Plan, that five of our six local municipalities have Agriculture as the dominant sector followed by Tourism. Only the City of uMhlathuze, the economic hub of the district, has Business and Industry as the primary sector also followed by Tourism.

A very successful Annual Growth and Development Summit was held for the fourth year in succession with participation from National, Provincial, District and local stakeholders representing the Public and Private Sectors. Responsible roleplayers reported progress on critical issues contained in action plans from the previous financial year summit. The Economic Survey results and findings as conducted by the Economic Research Unit of the University of KwaZulu-Natal, were again released at the summit and interrogated by participants.

The 2009/10 financial year saw the reviews of a number of LED Sector plans being implemented, namely the Tourism Master Plan, the Public Transport Plan, the SMME Support Strategy as well as the Tourism Institutional Framework. All the said plans were submitted to the Planning and Development Portfolio Committee by the end of the financial year, in time to encapsulate the recommendations from such plans as projects and programmes into the new IDP Review process.

In respect of Agriculture a fresh initiative from 2009/10 centred around the Involvement in Agricultural Forums, with Indabas held for both the Organized Agriculture as well as for Emerging Agriculture Initiatives to align with the Department of Rural Development and Land Reform were also pursued. The Nkandla Essential Oils Project was further developed and extended and preparatory work was put in place to commence with the review of the Agricultural Sector Plan.

uThungulu Tourism once again exhibited at the International Tourism Shows in South Africa and substantial funding was invested in Tourism Marketing and Publicity Material to market the unique tourism attractions within our district. uThungulu continued financial support to develop and maintain the Zululand Birding route as both an International and National Tourist attraction. Full support was also given to our local crafters to attend the Craft Decorex Shows in Johannesburg to exhibit and market

their arts and crafts in a commercial environment. We successfully hosted the 13th Annual Zulu Dance Competition and received the accolade that such event was viewed as the premier cultural event in the KZN Province.

With the 2010 Football World Cup in mind, a number of Tourism Forum Meetings were hosted which ultimately led to a very successful 2 day 2010 Tourism Indaba during March of 2010. The Indaba, the papers delivered and resolutions passed were also carried in a Tourism Supplement which appeared in our local papers. Accolades and commendations were received from the Tourism Fraternity applauding uThungulu for its initiatives in promoting Tourism within the district.

A Mobile Welcoming Unit for Passenger Liners docking at the Port of Richards Bay was maintained, as the Port of Richards Bay is continually seeing more and more Passenger liners arriving on our district's doorstep. uThungulu also maintained the Boardwalk Inkwazi Information Hub which also functions as a Tourism Education Info Hub. An E-Marketing Electronic Newsletter was also distributed to roleplayers and stakeholders within the Tourism Sector.

The municipality successfully participated in the Provincial Corridor Development Fund and raised R12,250 million towards co-funding of six projects within the district over a two year period. These unique projects are all aimed at fostering the development of the Ethekwini-Kwa-Dukuza -uMhlathuze Development Corridor. The following projects were successful in obtaining funding and have been successfully commenced with in terms of the first year of funding:

- Kwabulawayo Tourism Development Establishment;
- R66 Heritage Route Establishment;
- Craft Development Hub Establishment;
- uThungulu Film Office Establishment;
- uMfolozi Development Framework Plan;
- uThungulu Public Transport Plan.



### Organisational Performance Measurement System (OPMS)

The 2009 /10 financial year saw the third year of uThungulu District Municipality measuring the performance of the Municipal Manager, Deputy Municipal Manager and the three heads of Department (Section 57 Managers) in terms of the Municipal Performance Regulations for Municipal Managers and Managers directly reporting to Municipal Managers dated 1 August 2006. In terms of the provisions of the regulations each Section 57 Manager entered into a Performance

Agreement within the specified timeframe for the 2009/10 financial year, being 31 July 2009.

The performance regulations necessitate a municipality to assess performance of its Section 57 Managers once every quarter (quarters 1 and 3 informal and quarters 2 and 4 formal) in respect of a financial year under review. In the case of uThungulu all four quarterly performance assessments were treated as formal and carried out by Performance Assessment Panels, constituted in accordance to the said regulations. The performance assessment results for all four quarterly performance assessments were audited by the municipality's internal auditors, Messrs Pricewaterhouse Coopers and results submitted to the uThungulu Performance Audit Committee.

For the 2010/11 financial year preparations are once again in place to conduct performance assessments four times, once per quarter, during the year and all Section 57 Performance Agreements have duly been entered into in accordance to legislative provisions by 31 July 2010.

In respect of Organisational Performance Measurement, the municipality compiled an Organisational Performance Scorecard for the 2009/10 financial year in accordance to the five National Key Performance Areas and corresponding Key Performance Indicators, as prescribed by COGTA. This "scorecard" gives an indication on the performance of uThungulu as a local government institution and is included elsewhere in this Annual Report as part of the Annual Performance Report.

### **Bid Adjudication**

The Supply Chain Management (SCM) Policy, processes and practices at the uThungulu District Municipality are strictly run in accordance to the legislative provisions of the Municipal Finance Management Act, Act No 53 of 2003. In order to ensure that all tenders are awarded in a free, fair and transparent manner, three committees are operational at uThungulu District Municipality, namely the Bid Specifications Committee (BSC), the Bid Evaluation Committee (BEC) and the Bid Adjudication Committee (BAC).

The Bid Adjudication Committee (BAC) is chaired by the Deputy Municipal Manager and adjudicates all tenders up to a value of R10 million. Tenders in excess of R10 million are also considered by the BAC, with a recommendation to the Municipal Manager, who ultimately makes the appointment. The BAC held ordinary meetings on a two-weekly basis during the 2009/10 financial year, with an allowance for additional special meetings when required during alternate weeks, to consider tenders and matters forthcoming from the BEC. All tenders were successfully dealt with and all appointments made within the timeframes specified.

In compliance with the reporting provisions, the BAC submitted regular reports to uThungulu EXCO and Council, as well as National Treasury on tenders adjudicated.

### **Shared Services for Development Planning**

The Deputy Municipal Manager strategically manages and facilitates the development implementation and maintaining of Development Planning Shared Services within the district family of municipalities. The Shared Services concept relates to those functions being shared by municipalities on a cost beneficial basis and provides for a number of scenarios in terms of the sharing of services i.e. between districts, between districts and its local municipalities, which can be all or some,

dependant on the function and need of municipalities, or between two or more local municipalities. This function of sharing specifically relates to the sharing of the development planning function in order to assist municipalities to optimally perform within the framework of the Planning Development Act (PDA).

uThungulu District and the local municipalities of uMfolozi, Ntambanana, Mthonjaneni, and Nkandla participates in the shared services model. The municipalities of uMhlathuze and uMlalazi chose not to participate. The Shared Services Model sees the sharing of planning capacity and resources within the district.

The following District-Wide Planning Shared Services were rendered during the 2009/10 financial year within the uThungulu District:

1. Strategic Municipal Planning (IDP)
2. Municipal Performance Management;
3. Municipal Spatial Planning which includes:
  - Statutory Applications;
  - Spatial Development;
  - Land Use management.
4. Development Administration which includes:
  - Land Development approvals in terms of the DFA;
  - Land Development approvals in terms of the ordinance (subdivisions and removal of restrictions), which ordinance is replaced by the new Planning Development Act.
5. Spatially Referenced Info (GIS Base)

The uThungulu District – Wide Planning Shared Services centre is fully operational with a Chief Planner Shared Services for the district. In addition a Chief Planner for the uThungulu District is also operational and the two Chief Planners work hand in hand to streamline the development planning function between the district and its local municipalities. Planning Development Act as well as Environmental Management, training initiatives were also undertaken for all municipalities within our district. Recruitment actions are presently underway to source a suitable candidate to fill the position of GIS Data Administrator at district level.

### **Risk Management**

The Office of the Auditor – General laid down the requirement that a municipality's Enterprise Risk Management Plan, incorporating the Fraud Prevention Strategy, should be reviewed annually. During the 2009/10 financial year, the municipality duly undertook a review of its Fraud Prevention Strategy inclusive of updating its Fraud Risk Assessment, it further undertook a control mapping exercise of all the prevalent risks facing uThungulu and in the spirit of "Good Governance" undertook a King III Gap Analysis to measure the municipality's performance against the King III's Code of Good Governance practices. The King 3 Gap Analysis Report and findings are included elsewhere in this Annual Report.

The Review of the Fraud Prevention Strategy Report, the Risk Management Control Mapping Report and the King III Gap Analysis Report served before the Audit Committee, EXCO, Council and SCOPA. In addition, an Enterprise Risk Management Committee was also established which meets monthly to track and manage Fraud Risks, Enterprise Risks as well as King III compliance.

Funding has once again been provided in the budget for the 2010/11 financial year to review both the Enterprise Risk Management Plan and the Fraud Prevention Strategy.

## Special Projects: 2010

The uThungulu District Municipality together with three other district municipalities in KZN were selected as satellite training venues to the host city Ethekwini during Soccer 2010. For this purpose uThungulu received grant funding of R52 million over three financial years from the KZN Department of Traditional and Local Government Affairs towards the establishment of a FIFA Spec 2010 Training Venue.

It was quite evident from tenders received that R52 million would never be sufficient to construct the 2010 FIFA Training venue and through a lot of effort, motivation and negotiation the amount secured during the 2009/10 financial year totalled some R100 million with additional contributions from the City of uMhlathuze and uThungulu District Municipality.

From the outset, uThungulu opted for sustainability beyond 2010, by having the FIFA Spec 2010 Training Venue developed as a First phase of the Multi-purpose Sport Stadium with Indoor, Outdoor and Conference Facilities, to be developed after the 2010 event. This approach saw accelerated 2010 infrastructural funding being utilized to bring much needed sport facilities to the uThungulu District and bigger Zululand Region.

The 2009/10 financial year was really the critical year in preparing for the 2010 FWC as such event was scheduled to commence at the end of the financial year, being 11 June 2010. Through a lot of hard work, dedication and commitment all roleplayers involved delivered on the so-called "Strategic Readiness of the district to host 2010".

The FIFA Spec 2010 Training Stadium was finally completed and handed over on 31 May 2010, just in time to receive the 2010 Soccer Team from Nigeria. The securing of the Nigerian 2010 Soccer Team for a base camp was a pleasant surprise and a much deserved reward as initially Nigeria only chose Richards Bay as a Training camp prior to the World Cup event. The Nigerian team was however so impressed with the quality of the 2010 Training Stadium facilities and the standard of the pitch, that they cancelled their planned base camp at Ballito, paid the cancellation penalty fee to FIFA, and remained in Richards Bay for their base camp. Unfortunately we could only host Nigeria for the first round of the Soccer 10 tournament, as they failed to qualify for round 2, and had to return home.

"Strategic Readiness" for the 2010 FWC event also related to overall readiness of the Tourism sector within the uThungulu District. A very successful 2 day 2010 Tourism Indaba was hosted focusing on preparations to receive both international and domestic visitors to our district.

Even though initially concern was raised prior to the event in respect of the lack of bookings of Tourism Accommodation, it quickly became evident just before and during the event, that the Tourism Sector in our district was dealing with a different kind of Tourist for 2010, as visitors from all over arrived on our doorstep and then enquired about available accommodation. Some hotels in our district reported a higher than average of 80% + occupancy during the 2010 FWC period. The Protea Hotel Waterfront also received the benefit of being selected the "base camp hotel" for the Nigerian Soccer Team during both their training camp and base camp periods.



The 2010 Strategic Readiness Forum met on the first Friday of every month to track overall readiness to host 2010. The Strategic Readiness Forum functioned as an umbrella for five strategic workstreams, of which each individually met and co-ordinated their own activities such as Infrastructure Development; Disaster Management and Safety and Security, Tourism, Marketing and Communication; and Legacy Programmes and Community Mobilization.

A 2010 Disaster Management Plan was compiled with the help and input from all stakeholders in the Disaster Management and Safety and Security Sectors. The plan was aimed at both the 2010 FIFA Spec Training Stadium as well as the Public Viewing Area in Esikhaleni. The plan was also compiled in such a way that it was not only a plan to use to prepare for the 2010 event, but represents a guideline document to the municipality to prepare for any event in future after the 2010 FWC at the uMhlathuze Sport Stadium and the facilities at Esikhaleni where the public will gather.

The official 2010 Public Viewing Area (PVA) at Esikhaleni in the uMhlathuze Municipal Area was very well attended and night after night saw attendance figures far exceeding the anticipated number. A further unexpected feather in the cap for uThungulu 2010 readiness was when the Esikhaleni PVA took second place, after the Magaliesburg PVA, for being one of the best in the country. The Esikhaleni PVA also received extensive coverage on SABC TV.

All in all, the 2010 FWC proved to be a huge success for the uThungulu District, resulting in extensive exposure of what uThungulu has to offer to the international and domestic markets in terms of tourism and investment potential.





# DEVELOPMENT AND PLANNING SECTION

The Planning and Development section falls directly under the control of the Deputy Municipal Manager and has the following focus areas in line with the functions of the District Municipality, and relates to the Strategies of Creating an Economically Sound District as well as an Integrated Environment:

Economically Sound District	Summary of DC Functions
Local Economic Development	Planning, coordination and development of district strategic opportunities in line with LED Strategy
Local Tourism Development	Local Tourism for the district
Agricultural Development	Planning, coordination and development of district strategic opportunities in line with LED Strategy
Business & Industrial Development	Planning, coordination and development of district strategic opportunities in line with LED Strategy
Information Communication Technology	Alignment and Co-ordination.

Integrated Environment	Summary of DC Functions
Integrated Development Planning	Coordination and alignment of IDP's in line with legislation, and operation of Development Planning Shared Services.
Land Reform	Planning, Co-ordination & alignment
Housing	Planning, Co-ordination & alignment
Environmental management	Planning, coordination and development of district initiatives, including coastal management

## Overall Strategic Objectives:

The overall strategic objectives of the section are to:

- Facilitate and manage the development and ongoing enhancement of strategy, policies and processes pertaining to Local Economic Development, Local Tourism Development, Agricultural Development, Business and Industrial Development within the context of the IDP;
- Facilitate and manage the development and ongoing enhancement of strategy, policies and processes pertaining to Spatial and Development Planning, Development Planning Shared Services, Environmental Management and Integrated Transport Planning within the context of the IDP.

The functions of the Section relate to the following areas, and will be elaborated on per area:

- Economic Development and Tourism; and
- Development Planning and Environment

## 1.1. Economic Development and Tourism

### 1.1.1. Local Economic Development (LED)

The aim is to establish economic growth and development in all economic sectors with a particular focus on agriculture, tourism and trade and industry (SMME), whilst contributing to poverty alleviation in the district. The district will aim to identify and develop LED opportunities based on the functions of the municipality. Local Economic Development is informed by the Integrated Development Plan. IDP and LED fall strategically within the Deputy Municipal Manager's Office.

Everything that a municipality does and is involved in can be seen as LED, where a municipality should fulfill its Constitutional mandate by creating an enabling environment which is conducive towards local economic development, as healthy and sustainable economic development relates strongly with the development of much-needed infrastructure and effective payment for Municipal Services.

uThungulu has its own dedicated budget towards LED programmes and projects in terms of its IDP under the heading "Economically Sound District", whereby the district endeavours to support and supplement LED initiatives within the participating local municipalities.

### 1.1.2. LED Sectors

The three main pillars of the economy in the uThungulu region are: Agriculture, Tourism, Business and Industry. Five of the six Local Municipalities



have agriculture as the predominant sector, followed by Tourism. It is only in the uMhlathuze Local Municipality (Richards Bay/ Empangeni) where business and industry is predominant, followed by Tourism. In accordance with this, the necessary attention is given to each sector within the district's IDP within each of the six LM's.

### 1.1.3. Agriculture:

Agricultural Development and implementation

- Implementation of Agricultural Development Plan:  
Implement the Agricultural Development projects that have been identified, ensuring that the projects are making a contribution to the economy of the district.

Agriculture Projects	Summary Of Project
Nkandla Essential Oils Farm	The Nkandla Small Growers were successful in securing R2 300 000 through the EU Funds from Gijima, with uThungulu contributing R500 000 of the 30% requirement for the project. uThungulu's contribution was utilized to purchase fencing and irrigation equipment for the project.

Providing LED Capacity, Institutional & Operational Support:

This programme will address the following aspects:

- LED Forum
- LED Development Fund
- LED Operational Support Programme
- LED Institutional Support
- LED Capacity Training
- Implementation of Marketing, Trade and Investment initiatives: This programme entails trade missions as well as trade and investment marketing in general.
- Implementation of SMME Sector Development Plan: The objective of this project is to provide support to the development of SMME's and the informal sector with specific reference to training and coordination of efforts by support providers.

### 1.1.4. Tourism

Tourism is one of the main contributors to Local Economic Development in the country as well as the district. It has a major enabling effect in terms of employment generation and attraction of funding to the area. As a function of the district municipality, a number of projects and initiatives are being implemented as part of tourism development:

*Management of the uThungulu Tourism Development Office*

This includes an awareness programme, marketing shows, marketing tools, media marketing, events such as the Zulu Dance competition and signage.

*Review of the uThungulu District Municipality Tourism Master Plan*

The goal of the project was to revisit the existing Tourism Development Plan, measuring successes and failures and formulating a revised Focused Tourism Master Plan for the uThungulu District that will realign Tourism Development and marketing with the latest tourism trends and developments as well as future predictions. The Master Plan has been duly completed and adopted by the Portfolio Committee.

The plan outlines the following objectives:

- Maximizing the potential for sustainable tourism within the servicing area of uThungulu District Municipality
- Assessment of the overall tourism product that uThungulu offers, identifying gaps in relation to the needs of the tourism market and plans to address those gaps;
- Exploiting the opportunities of the 2010 FIFA World Cup and to align the districts tourism policies, plans and strategies to ensure maximum exposure and market share;
- Enable uThungulu District Municipality to fulfill its obligations in terms of the State of Readiness for the FIFA 2010 World Cup.

### Tourism Institutional Framework

The project objectives were:

- A sustainable tourism institutional framework





for uThungulu District Municipality that is also affordable and acceptable to all the stakeholders in the district.

- Practical and implementable.
- Based on current knowledge within the District.
- Appropriate for the current stage of tourism development within uThungulu District Municipality and able to meet the aspirations of the tourism stakeholders over the next five years.
- Empowers the uThungulu District Municipality and its Local Municipalities to lead the management of the tourism system in partnership with the tourism business sector and communities.

The Framework was duly completed and adopted by the Portfolio Committee.

#### *Tourism Forum*

A Tourism Forum operates to align with provincial structures and improve communication in the tourism sector. The aim of the Forum is to act as a coordinating, participating District Tourism Forum which will ensure coordinated tourism development and marketing strategies in the uThungulu District Municipality servicing area. Successful Forum meetings were held in line with the objectives of the Forum.

#### *R66 Zulu Heritage Route*

The uThungulu District Municipality Tourism Development Plan identified the development of the R66 as one of the priority projects for the District. The Development of the Zulu Heritage Route aims to:

- Define and package a number of underutilized cultural tourism resources.
- Contribute significantly to the branding of uThungulu as a Zulu Cultural and heritage destination
- Increase Tourism Revenue Yield in rural areas lacking formal economic opportunities;
- Provide the opportunity for Previously Disadvantaged individuals and groups in the ownership and operation of tourism initiatives.

The Zulu Heritage Route (R66) forms part of the Zulu Cultural Heritage Route which emerged as the lead priority project from the TKZN tourism product development strategy completed in 2002. This project has been undertaken in partnership with the Department of Cooperative Government and Traditional Affairs as the primary funder. The R66 Heritage Route has been successfully launched and development and marketing of the route is currently underway.

#### *Craft Hub and Training Facility - Small Craft Harbour Richards Bay*

The project has two components, i.e. the craft warehouse as well as a mobile training unit. The warehouse has been proposed to be located in Richards Bay while the training unit will be mobile and move across and covering the entire district. The uThungulu District Municipality Tourism Section is involved in the implementation of the Craft Development Plan which includes the development of a Craft Warehouse for the region. The aim of the craft development project is to develop the existing skills base in the district and to create awareness to the unemployed of the opportunities that exist and the benefits of producing craft. The Craft Warehouse is situated in the Richards Bay Small Craft harbour. Additions and alterations to the building has been undertaken in partnership with the Department of Cooperative Government and Traditional Affairs as the primary funder.

#### *Zululand Film Office*

The film industry, which includes feature film, audio-visual documentary, television, video, commercial and still photography production, is an important part in the South African economy and one of the fastest growing sectors worldwide. The Zululand Film Office, incorporating iLembe North Coast, the Elephant Coast and uThungulu District Municipality, officially promotes and acts as the industry facilitator for the feature film, television, video and stills photography production trade. This project has been undertaken in partnership with the Department of Cooperative Government and Traditional Affairs. Three District Municipalities bordering the uThungulu District Municipality have partnered in the project

#### *Cruise Passenger Liner Welcoming*

A mobile welcoming and tourism information unit has been purchased to be used at Richards Bay Harbour as a port of call for Passenger Liners. In the longer term the development of a Premier Cruise Destination, to cover the destination Durban to Richards Bay to Maputo and back, is proposed. uThungulu District Municipality made R170 000 available to purchase a mobile information unit, while negotiations with key stakeholders



are still ongoing for the construction of a multi-use facility in the small craft harbour.

The importance of a mobile tourism unit is now more important than ever before with the increase of passenger liners that choose Richards Bay as a port of call. Passenger liner arrivals increased by 100% between 2004 and 2008, and 43 passenger vessels visited the Richards Bay harbour between November 2009 and May 2010.

#### *Zululand Birding Route*

The Zululand Birding Route (ZBR), one of the region's most established tourism routes faced near closure at the end of 2009 after 12 years of operation of which the past 8 years saw the route managed by BirdLife South Africa.

The route has recently been reconstituted as a self-standing association putting future decision-making and direction for the project in the hands of local stakeholders. This is the first time since the route's inception in 1998 that all four district municipalities, namely, uThungulu, iLembe, Zululand and uMkhanyakhude have agreed to work together to secure the future success of the route. To date the Zululand birding route has trained and mentored over 35-community bird guides for the route resulting in ten-fulltime tourism related jobs and eighteen SMME's. Community bird guides earned a total income of over R600 000 in the past year, direct income into some of the poorest households in our region!

Avitourism is the biggest sector of ecotourists globally, with over 41 million birders in the United States and similar figures for Europe. Birders are an attractive market to encourage to our region. With the effort and financial support of R100 000 from uThungulu District Municipality for the Birding Route in this financial year, the route was reborn with lots of exciting possibilities of growing avitourism in the region including the re-opening of the Ongoye Forest Birders Camp - the only place in South Africa where birders can see the elusive Green Barbet!

#### *Forests of Zululand*

The Forests of Zululand is a unique tourism concept created by the uThungulu District Municipality; this is responsible tourism supporting sustainable rural development and the conservation of our Unique Forest Heritage. Nowhere else in South Africa can one experience mist belts, wetlands and dune forests within one area.

The Forests include:

- The Ongoye Forest which has a large array of rare and endemic tree and plant species and is of great importance as a water catchment area;
- Dlinza Forest which is a 250ha forest within the urban development of Eshowe and is famed for the number of bird species found here;
- Entumeni Forest consists of a gorge covered by forest and has a particularly high and impressive canopy provided by trees;
- Nkandla and Qhudeneni Forests also boast an impressive variety of birds, plants and mammals.

#### *13th Annual Zulu Dance Competition*

Zululand is renowned for its rich cultural history and majestic tales of Zulu royalty and brave warriors. The striking profile of a magnificent dancer dressed in traditional attire is also synonymous with the region. Each year tourists, filmmakers and avid photographers travel to the uThungulu district to witness and capture on film the choreography and splendour that is the Regional Zulu Dance Competition. The Annual Regional Cultural Zulu Dance competition is a highlight of the uThungulu District Municipality's events calendar and sees groups representing all six of the local municipalities in the district competing in various categories for top honours.

This competition was started 13 years ago with the following goals:

- To instil a sense of pride amongst the younger generation with regard to their culture and heritage
- To preserve the Zulu traditional art forms of music, dress and dance





- To create a tourism market for Zulu culture within the district targeting both domestic and international markets
- To assist the unemployed with a skill; this will enable them to perform when an opportunity arises.

The competition was held at KwaBulawayo. The actual site of King Shaka's Military capital, KwaBulawayo is a treasure trove of archaeological, historical, heritage, cultural and eco-tourism. uThungulu District Municipality, in partnership with the Department of Local Government and Traditional Affairs, have spent over R8-million transforming the military capital into a tourism attraction of note. The Kwabulawayo Tourism Development is an initiative of the Kwabulawayo community with an objective of creating employment opportunities for members of the community. Taking into consideration the objective of the project, services were supplied by the local Community Trust, in order to demonstrate the economic benefit of the infrastructure. The event proved to be a huge success with over 5 000 spectators, including tourists. The venue alone created a positive impact on the event and there is much more possibilities for further development with the project.

This year uThungulu worked in partnership with Department Arts, Culture and Tourism, once again, who have indicated an interest in all future Zulu Dance Competitions. The Department of Arts, Culture & Tourism's uThungulu District Head viewed the event as a wonderful success and indicated that future assistance with regard to funding of the event will be considered. The Zulu Dance

Competition has been highlighted as "the" event for uThungulu; and can be grown from strength to strength.

#### *KwaBulawayo Tourism Development*

The development aims to create a tourism attraction based on historical significance and is situated in rural Bhekeshowe. The Tribal Authority consists of seven sub-wards in a 15km area. The actual site of the King Shaka KwaBulawayo Military Capital is the focus of the attraction, surrounded by a wealth of historical and cultural tourism sites. Phase 1 of the project is complete and will be operated as a day facility.

#### *Tourism Advertising 2009/2010*

Advertising is perhaps the most powerful component of the promotional mix. The difference between advertising and other promotional tools is that organizations, such as uThungulu, pay for advertising. Thus it allows a marketer to have control over the advertising message. Advertising also enables tourism principals and intermediaries (tour operators, travel agents, hotels, visitor attractions, airlines, and the like) to reach people (target markets) in their own homes or in other places, and to communicate messages intended to influence their buying behaviour.

- Country Life - 4 issues
- Joburg Style - 3 issues
- Woza 2010
- KZN Routes

#### *Marketing Shows*

Exhibitions bring suppliers of goods and services together with buyers, usually in a particular sector. The main advantages of exhibitions include their potential for sales leads and contacts with influence, gathering competitive intelligence, and the opportunity for image building to the consumer (Lumsdon, 1997).

The Tourism Section attended the following shows where TKZN had secured space for 2009 and 2010.

- DSTV Getaway Show – Johannesburg
- Soweto Festival – Soweto
- Cape Outdoor Expo – Franschhoek

The District Municipality secured their own space at the following shows:

- Beeld Holiday Show
- Tourism Indaba

#### *Electronic Tourism Newsletter*

Due to the many tourism projects/programmes currently underway within uThungulu as well as new products available in the industry it was approved in the 2009/2010 financial year that an electronic newsletter be published and sent out to all stakeholders for information on a monthly basis. A newsletter is a custom publication that allows any business to stay in touch with its target audience, and it is for this reason that a newsletter can benefit a company by distinguishing it. Thousands of companies and businesses worldwide benefit from the use of a newsletter as part of their marketing and communications strategies, as a focused newsletter has been proven to be a valuable tool. The arrival of the internet and email has made the sending of traditional print newsletters a thing of the past.

Direct mail and print ads are expensive and often have a low return on investment. Electronic newsletters cost far less and can be significantly more effective as such can be sent to a larger



target audience. It is not necessary to pay the postage or printing fees on an electronic newsletter and it is therefore possible to send out more at less cost, making the electronic option budget-friendly. Another aspect of an electronic newsletter is that in any business environment time is money. The production and distribution of an electronic newsletter cuts the amount of time spent by cutting out the need for printers and mail delays.

- ETC Africa was appointed for the publishing and distribution of the newsletter.
- The service provider is compiling 8 newsletters which are distributed to stakeholders within the district.
- Currently there are over 450 stakeholders on the mailing list; the newsletter is also distributed internally to staff.
- Three successful newsletters have been published thus far and have been distributed widely. The newsletter has been well received by all stakeholders and it is also available for downloading from :
  - [www.uthungulu.org.za](http://www.uthungulu.org.za)
  - [www.zcbf.co.za](http://www.zcbf.co.za)
- ABLOG has also been created as a medium for stakeholders to interact.
  - <http://uthungulu-tourism.blogspot.com>
- The newsletter is being utilized to:
  - Create awareness of projects of the tourism section within UDM,
  - Inform stakeholders and the public of the projects, programmes, latest tourism trends and developments.
- We also want to develop the newsletter as a communication medium between public and private stakeholders and finally act as a measurement unit to measure tourism interest in uThungulu District as a whole.

## 1.2. Development Planning and Environment

### 1.2.1. Integrated Development Planning

The co-ordination of service delivery and investment in the district is vital to ensure sustainable service delivery. This can only be attained by achieving the sensitive balance between strengthening (maintaining) the rural economy, implementation of the land reform programmes as well as housing delivery. Also, all of the above has to take due cognizance of the environment.

The focus is on the co-ordination of the spatial and service delivery component to improve the management of district level responsibilities and the strengthening of the development nodes of the municipalities, while ensuring the equitable development of the rural areas through service delivery. Implementation of the Development Planning Shared Services can be seen as a milestone in improving development planning capacity in the district. Co-ordination of land reform and housing in line with service delivery is of prime importance. Environmental management and spatial co-ordination and integration of development are further components of the strategy to ensure integration and optimum organisational capacities.

The objectives of the District Municipality are:

1. To ensure the successful annual review of the District Municipality and the Local Municipalities' IDP's;
2. To coordinate and align all IDP's and other role-player involvement.

Annually, the uThungulu district prepares/reviews its IDP. Apart from dealing with critical issues pertaining to project identification, budgeting, land reform and housing, the IDP also contains an SDF (Spatial Development Framework) and other important issues as detailed in the remainder of this section:

- From a land reform and housing perspective, the district is responsible for planning, coordination and alignment. The district's responsibility for the provision of bulk infrastructure to housing projects specifically is very important.
- Land-Use planning aims to co-ordinate and manage all the land uses and their relationship to each other in order to protect natural resources and to create safe and liveable environments. In respect of land-use planning, the District Municipality is responsible for the provision of the Land-Use Management Framework, whilst the Local Municipalities are responsible for the preparation of detailed Land Use Management Systems (LUMS).
- The bi-annual quality of life survey of the UDM provides the mechanism to monitor progress on key development projects and programmes as identified in the IDP. The recent survey indicated an increase in the number of stand pipes in uThungulu as well as an overall reduction in the dependency on natural water sources. This fact is confirmed by the WSDP that indicates that backlogs in water provision to a RDP standard have been reduced to 58.4% (as opposed to the 2001/2002 backlog percentage of 82%).
- Bi-annual Quality of Life Survey (Performance Evaluation): The objective of this project is to ensure that IDP Programmes and projects have an impact on the living conditions of the people of the district.
- Land Reform: Co-ordination and alignment of an effective process to guide Land Reform. The alignment of programmes and projects is a key objective.
- Housing: Liaison, co-ordination and alignment of an effective process to guide the development of housing projects and the preparation of a District Housing Plan.

### 1.2.2. Development Planning (Shared Services)

With effect from 1 February 2009, a Chief Planner (Shared Services) has been employed to provide assistance to the Ntambanana, Mbonambi, Nkandla and Mthonjaneni Local Municipalities of the District.

The shared services concept was conceived due to a number of reasons, notably the fact that many smaller rural municipalities have limited planning capacity and high staff turnovers. Thus, the resulting limitations are proposed to be addressed through the establishment of shared services for the development planning function between district municipalities and their constituent local municipalities. The aim is thus to optimize limited resources and thereby enhance the quality of planning and development services provided.

For uThungulu, the scope of municipal development planning functions included in the DPSS is as follow:

- Spatial Planning
- Strategic Planning
- Development Administration
- Performance Management



- Information Management and Systems Development
- Additional Functions include:
  - Building Inspections and Control
  - Housing
  - Environment
  - Land Reform

#### *Environmental Management*

- Implementation of Integrated Environmental Programmes: The focus areas of the project will be the identification of key areas of intervention, strategies and projects that should be implemented in order to address the district's environmental issues.
- Coastal Management Programme (and Implementation): To ensure that the coastal areas are managed and protected. This process includes the ongoing functioning of the District Coastal Working Groups as well as the Coastal Awareness and Education Campaign.
  - Coastal Working Group: uThungulu's Coastal Working Group continued to oversee the implementation of the Coastal Management Plan that covers all three coastal local municipalities' coastal development areas.
  - A Coastal Livelihood Project (Working for the Coast) has been launched, which is essentially a poverty relief programme focusing on projects such as beach cleaning, alien invader plant eradication and upgrading of some coastal facilities.
  - Coastal management has been identified as a key issue that has culminated in the allocation of funds to formulate a Coastal Management Plan for the district as part of the Environmental Management Programme.
  - Formulation of the Coastal Management Plan will be guided by recommendations and principles based on research and analysis of the Department of Environmental Affairs and Tourism.

- Environmental Management:  
The Department of Economic Affairs & Tourism has seconded a staff member to uThungulu to assist in:
  - Populating and maintaining a local government database on environmental indicators;
  - Facilitation of capacity building initiatives for municipalities on environmental and tourism planning and reporting tools;
  - Developing and maintaining a legal register for municipalities;
  - Assisting and guiding municipalities in the planning and implementation of EPWP projects;
  - Participation in municipal strategic planning structures.

The following Plans or Policies have been completed:

Strategy	Plan	Status
Economical Sound District	LED Framework Plan	Completed, to be reviewed
	Agricultural Development Plan	Completed, to be reviewed
	SMME and Sector Development Plan	Completed recently
	Local Tourism Development Plan	Completed recently
	Investment Incentive Strategy	Completed
Integrated Environment	IDP Review	Ongoing
	Quality Of Life Survey (2009)	Completed recently
	Coastal Management Programme	Completed, to be reviewed
	EIA Policy and Procedures	Ongoing

### Planning & Development Highlights

Some of the key milestones achieved regarding the economic development of the district are outlined hereunder:

- Functional implementation of the Development Planning Shared Services, to assist municipalities with Strategic Planning, Development Administration, Performance Management and Environmental Management;
- Securing Municipal Systems Improvement Grant Funding to prepare EIA Policy and Procedures and supply EIA training for each of the local municipalities;
- IDP and Budget Roadshows during November 2009 and April 2010
- Richards Bay Craft Development – implementation funding secured from Ethekezi- Umhlathuze Corridor to an amount of R2 600 000.
- uThungulu Tourism Association Study completed.
- KwaBulawayo Development was awarded a further R5 000 000 implementation funding by DLGTA Corridor Fund.
- Cruise Passenger Liner: R170 000 allocated to purchase a mobile unit for the use of an information unit and R100 000 allocated for the printing of a cruise liner brochure
- Funding to the value of R3 000 000 from Corridor Development Fund for implementation of R66 Culture and Heritage Route.
- Review of the uThungulu District Municipality Tourism Development Plan completed.
- Funding from Corridor Fund to an amount of R1000 000 was received for assistance with the establishment of the Northern KZN Film Office as a type of “Marketing” tool whereby investment from the film industry can be attracted.
- Airport beautification – airport trolleys, brochure racks and welcoming signage.
- Marketing Shows and Advertising
- Growth & Development Summit and Tourism Forum successfully hosted;
- Initiated a Development Framework for a decentralized industrial area in Mbonambi municipality to accommodate industrial investment;
- Undertaking Quality of Life Survey based on a 5% sample size to gauge the satisfaction of the community with the services from uThungulu and the implementation of the IDP;
- Working for the Coast project implemented for the coastal area, and overseen by District Coastal Working Group.
- Hosting of Annual Regional Zulu Dance Competition to promote tourism and tourism-related job creation.
- Film Office established to market the uThungulu region as a preferred destination for film makers, as well as to provide day-to-day operational assistance to them.
- Annual Socio-Economic Survey in partnership with University of KZN to measure economic growth within the district.
- Tourism accommodation and activity brochure for the UDM servicing area widely distributed.
- Essential Oils Extraction Plant at Nkandla established and distillation plant is currently in operation
- Tourism arts and crafts, where local crafters from our district, exhibit their products and enter the commercial market, as well as uThungulu's successful participation in all Tourism Exhibitions and Trade Shows.
- Initiated a project to establish a Craft Hub in the Small Craft Harbour area of uMhlathuze.
- Passenger liner welcoming facilities and service in partnerships with the Ports Authority.
- Tourism Information Hub at the Inkwazi Boardwalk.

# King III Gap Analysis

## Report

During the 2009/10 financial year, the uThungulu District Municipality, through its internal auditors, undertook a King III Gap Analysis to ascertain the current levels of compliance with the principles contained in the King Code of Governance Principles for South Africa 2009 (King III).

A report was presented to the Audit Committee, Exco, Council and SCOPA on the key results from workshops with senior management, including the identified gaps between uThungulu's current governance status and the governance status that it would seek to apply in terms of King III, as well as the requisite actions and interventions that are required to address the identified gaps.

The King III Gap Analysis was undertaken in accordance to the following "governance elements" contained in King III:

- Ethical leadership and corporate citizenship
- Council and Councillors
- Audit Committee
- The governance of risk
- The governance of information technology
- Compliance with laws, rules, codes and standards
- Internal audit
- Governing stakeholder relationships
- Integrated reporting and disclosure.

### Key Findings and the Way Forward

Based on the results of the King III workshops conducted as contained in the PWC Summary Report, it appeared that a number of corporate governance processes are already in place at uThungulu, however many of these are not formalized into strategy, structures or policy. The following areas require specific, prioritized management attention and possibly more research into establishing a project status for each, as follows:

1. The rapidly changing environment in which municipalities now operate and the complexity of risks faced by organisations is changing constantly. The introduction of the concepts of risk appetite, risk tolerance and risk resilience will refine the ERM process at uThungulu. This will provide accurate and valuable information to a number of other governance processes. The areas of corporate governance, sustainability, IT governance, stakeholder relations and financial reporting should be considered in the ERM process.

2. With this greater emphasis on risk, consideration now needs to be given to the development of a combined assurance framework and the role of the internal audit function to review specific areas including the risk management process, corporate governance, ethics, IT governance and sustainability and as part of the risk based internal audit plan tailored to suit the requirements of the audit committee and Council. The combined assurance approach should ensure that all material areas are reviewed whilst minimising duplication of effort.
3. It was noted that internal financial controls may be partly reviewed by the Auditor General. An assessment of the risks associated with financial reporting together with a robust combined assurance approach should assure that all the material risks in terms of financial reporting are being reviewed.
4. The requirement to disclose how Council has satisfied itself that IT governance is effective will need to be positively evidenced. Specific attention should also be given to the reporting of IT governance and IT performance to Council. The IT steering committee should ensure this principle is implemented through a well defined terms of reference.
5. The disclosure of the stakeholder engagement should not only detail the number of interactions but also how Uthungulu has responded to the issues and requests of the stakeholders.
6. Consideration should be given to the level of assurance required in the sustainability initiatives and future integrated reporting.

The required management actions in terms of the "Way Forward" have been included in the 2010/11 Performance Plans of Senior Managers.

DP Lubbe  
Deputy Municipal Manager



# Performance Management Report

## **Performance Report**

*Measurement of performance and performance results for municipal managers and managers directly accountable to municipal managers, section 57 managers, for 09/10 financial year.*

## **Historical Perspective**

The Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006 were promulgated in Government Gazette No. 29089 on 1 August 2006, compelling all municipalities to measure performance of Section 57 Managers in accordance to the new regulations.

## **09/10 Performance Evaluation:**

The Performance regulations require quarterly assessments and two formal (half-yearly and yearly) performance assessments and two informal (1st quarter and third quarter) performance assessments are to be conducted.

In respect of the financial year 09/10, which commenced 1 July 2009, uThungulu conducted all 4 sessions in accordance with the regulations and all 4 were conducted in a formal manner. This assisted uThungulu to have early warning indicators in place in terms of service delivery and to ensure that KPI's were developed optimally in accordance to the SMART principle. All 5 Performance Agreements of the 5 Section 57 Managers were entered into, in terms of the new regulations, by 31 July 2009.

## **09/10 Performance Results:**

The Performance results achieved for 09/10, are as follows for the five Section 57 Managers:

Municipal Manager	<b>BB Biyela</b>	157%
Deputy Municipal Manager	<b>DP Lubbe</b>	162%
Chief Financial Officer	<b>CA Staniland</b>	153%
Executive Director Technical Services	<b>MR Msomi</b>	158%
Executive Director Corporate Services	<b>KS Moodley</b>	161%

## Performance Report - Municipal Manager

IDP Indicator No	National KPA	Strategic Objective	Measurable Objective/ Output	Performance Measure Indicator	2009/2010 Annual Perf. Report		Planned Measures for Improvement
					Target	Actual	
2.1	Basic Service Delivery And Infrastructure	Access to Water	Households with access to basic water	Number of Households	72,256	76,537	
2.1			New Water Connections	Number of new connections	3,441	4,281	
2.1.3.3			Rural water meter installations	Number of meters	1,000	2,527	
2.1		Access to Sanitation	Households with access to basic sanitation	Number of Households	72,146	72,217	
2.1			New sanitation connections	Number of new connections	3,700	3771	
2.4.3		Access to Solid Waste	Construct Regional Landfill Site (Cell 2)	Date completed	31 Dec 2009	14 Mar 2010	
2.3		Access To Electricity	Households with access to electricity	Number of Households	N/A	N/A	For the 09/10 financial year the electricity functions were done on behalf of Nkandla Municipality per SLA.
2.3			New Electrical Connections	Number of new connections	N/A	N/A	For the 09/10 financial year the electricity functions were done on behalf of Nkandla Municipality per SLA.
2.1		Free Basic Services	Households with access to free basic water	Number of Households	82,056	82,056	
2.1			Households with access to free basic sanitation	Number of Households	Actual	63,351	
2.3			Households with access to free electricity	Number of Households	68815	N/A	
5.2.1	Institutional Development & Transformation	Human Resources Management	Annual Approved Workplace Skills Plan	Date		28 June 2010	
5.2.1			Budget Spent on Workplace Skills Plan	R Value		1,252,813	
5.2.1			Approved organogram for Technical Department	Date of approval	68446	19 April 2010	
5.2.1			Levels of black staff employed in management	Number of black staff		6	
5.2.1			Women employed by the municipality	Number of women		111	
5.2.1			Youth employed by the municipality	Number of youth	790	88	
5.2.1			Disabled staff employed by the municipality	Number of staff	3	3	
4.1.2		Batho Pele Principles	Community Surveys conducted	Number of surveys	2	2	
5.6.1		Performance Management Systems	S57 Performance Agreements	Number of agreements	5	5	
5.6.2			Annual Performance Report	Date approved	31 Jan 2010	15 Dec 2009	

IDP Indicator No	National KPA	Strategic Objective	Measurable Objective/ Output	Performance Measure Indicator	2009/2010		Planned Measures for Improvement
					Annual Perf. Report Target	Actual	
5.3.1		Administrative Services	Secretariat services to Council, Committees and Manco	Number of meetings	47	84	
4.1.1		Integrated development and environmental planning	IDP Review	Date of approval	31 Mar 2010	25 Mar 2010	
1.1	Local Economic Development	Economic growth	Targeted spend achieved	Percentage Achieved	100%	100%	
1.1.2		Development of Prioritised Groups	Capacity Building Initiatives undertaken	Number of Initiatives	5	5	
5.8.1		Special Projects	Special projects planned	Number of projects	1	1	
5.8.1			uMhlathuze Training Stadium phase 1	Date completed	31 May 2010	31 May 2010	
1.1.2.5		Promotion of Local Economy	Jobs created through the municipality's LED initiatives	Number of jobs	187	193	
1.1.2.5			Jobs created through the municipality's Capital Projects	Number of jobs	249	249	
1.2.4		Tourism Enhancement	Tourism projects implemented	Progress reports	4	4	
5.6.2	Good Governance	Community Awareness	Roadshows and Imbizo's	Number of Road shows/Imbizo's	12	12	
5.4.1			uKhozi FM radio broadcasts	Number of broadcasts	12	12	
5.6.2		Public Participation	Public meetings	Number of meetings	122	122	
5.6.2		Stakeholder Liaison	Stakeholder meetings	Number of meetings	16	16	
5.7.4		Policy Development and reviews	Compliance with all legal prescripts	Percentage of compliance	100%	100%	
5.6.2		Internal Audit Activity	Audit Committee	Number of meetings	4	4	
5.6.2			Performance Audit Committee	Number of meetings	4	4	
5.6.2			Response to internal audit queries	Number of days to respond	Within 30 days	Within 30 days	
3.5.1		Disaster Management	Disaster Management Plan	Date of review	30 Jun 2010	In process	uThungulu Disaster Management Plan can only be drafted once the local municipalities have completed their various disaster management plans.
3.5.3			Disaster Planning workshops with major stakeholders	Number of meetings	2	4	

IDP Indicator No	National KPA	Strategic Objective	Measurable Objective/ Output	Performance Measure Indicator	2009/2010		Planned Measures for Improvement
					Annual Perf. Report Target	Actual	
3.3.1		Anti-Corruption Strategy	Anti Corruption Strategy/Fraud Prevention Strategy	Implementation of recommendations	100%	100%	
5.5		Shared Services	Shared Services: Planning and Development	Implementation of business plan for year 2	100%	100%	
5.1.3.1	Financial Viability & Management	Revenue Enhancement	Cash collected from customers	R value of revenue collected	30,008,790	33,430,356	
5.1.3.1			Amount invoiced/billed to customers	R value of invoices raised	30,008,790	32,876,681	
5.1		Financial management	Debt service payments	R value	14,364,167	13,200,770	
5.1			Total revenue received from grants and subsidies	R value	344,172,159	344,172,159	
5.1			Total of grants and subsidies spent	Percentage spent	100%	84%	
5.1.4		Budgeting and reporting	Total operating budget	R value	434,318,024	396,585,242	
5.1.4.2			Total Salaries and Wages budget (including benefits)	R value	91,560,931	77,089,266	
5.1.7			Compliance with MFMA requirements	Percentage compliance	100%	99%	
5.1.4			Total operating expenditure	R value	434,318,024	396,585,242	
3.1.3	Community and Social Services	Expenditure control	Environmental health services	Quarterly consolidated reports	4	4	
3.7		Social Services	HIV/AIDS Strategy	Yes/No	Yes	Yes	
3.5.4			Fire and emergency services	Quarterly reports	4	4	
2.5			Regional Cemetery and Crematoria Phase 2	Date completed	30 Jun 2010	In process	Due to non-performance by the initial contractor, a new contractor had to be appointed. Project to be completed in 2010/2011 financial year.
3.4.3.1		Community Services	District Elimination Games	Date of event	15 Dec 2009	11-15 Dec 2009	
3.6.1.1		Sport and Recreation	Woman's Day Workshop	Date of event	30 Oct 2009	10 Jan 2010	
3.6.1.2		Support to Marginalised Groups	Youth day celebrations	Date of event	16 Jun 2009	16 Jun 2009	
3.6.1.3				Number of meetings attended	1	2	



## Performance Report - Deputy Municipal Manager

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
1. <b>Strategically manage the Planning and Development Department (staff and contractors to enable them to meet their objectives)</b>	Ensure an appropriate organisational structure for the Planning and Development Department.	5.2.1.1 5.2.1.2 4.1	Ensure an appropriate organisational structure for the Planning and Development Department, supported by (TASK) job descriptions for all posts in place by 29 February 2010	29 Feb 2010	1. Approved Organisational Structure in place and maintained. 2. All positions were updated TASK Job descriptions. 3. All vacant positions were advertised and filled. Additional: 1. Shared Services Organisational Structure developed and implemented. 2. Shared Services positions at local municipalities were provided with TASK Job descriptions and advertised.	
	Hold Planning and Development Departmental meetings to ensure efficiency of staff.	4.1	Hold bi-weekly Departmental meetings and keep record of minutes of meetings to ensure that staff is efficiently utilised.	Ongoing up to 30 Jun 2010	1. Bi-weekly departmental meetings were maintained to ensure sufficient workflow. Additional: 1. Departmental meeting agenda converted into OPMS framework. 2. Quarterly reporting on departmental SDBIP. 3. Quarterly reporting on contract monitoring.	
	Ensure successful participation in the State President's Office National Spatial Development Perspective programme for Uthungulu District	5.6.2	Participate in all strategic planning initiatives of the NSDP at National and district level by acting as District Project Champion until 30 June 2010.	Ongoing up to 30 Jun 2010	1. Hosted and participated in the NSDP Workshop. 2. Participated in all strategic planning initiatives of the NSDP.	No further progress in Deputy State President's Office – To revive the initiative when progress is forthcoming from the Deputy State President's Office.
	Ensuring successful readiness of the Uthungulu District to participate in the DFA Process	5.6.2	Appointment of a DFA Designated Officer to participate in the DFA process on behalf of the district until 30 June 2010.	Ongoing up to 30 Jun 2010	1. Successfully appointed DFA Officer for Uthungulu District as well as DFA Officer for Uthungulu Shared Services.	
	Ensure sufficient departmental response to internal audit and general enquiries and implement approved recommendations timeously.	5.6.2	Respond to all internal audit enquiries and general enquiries and implement all approved recommendations within 30 days unless there are reasons why implementation is not possible within 60 days.	Ongoing up to 30 Jun 2010	1. Efficient response was made to all internal audit enquiries. 2. Where necessary, internal audit recommendations were implemented within 30 days.	Endeavour to not receive any internal audit enquiries.

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
<b>2. Integrated Development Planning (IDP)</b>	Ensure that the review of the IDP be conducted and that all stakeholder groups were consulted by the target date.	4.1.1.2	Facilitate Public Participation Sessions and report back on the number of meetings conducted with the public for completion by 31 March 2010	31 March 2010	1. First round of 6 IDP Roadshows were held during October 2009. 2. Consolidated Roadshow report was compiled. Additional: 1. SDBIP 09/10 advertised in newsmedia for public input. 2. SDBIP Draft 10/11 compiled and submitted to Council and Mayor.	
		4.1.1	Ensure the review of the IDP and participation of all stakeholder groups by 31 March 2010.	31 March 2010	1. IDP Process and Framework Plan for 2010/11 compiled. 2. Stakeholder alignment sessions held. 3. IDP Representative Forums held. 4. Cross Boundary District Forums held. Additional: 1. Customer Satisfaction Survey conducted with results to Council. 2. Quality of Life Survey conducted with results to Council.	
		4.1	Prepare and submit the draft IDP to Council for approval before the draft budget submission by 31 March 2010	31 March 2010	1. Draft 2010/11 Multi-year IDP and Budget to Financial Portfolio Committee, EXCO and Council on 25 March 2010. Additional: 1. Participated in KZN IDP Assessment Week. 2. COGTA IDP Top Achievers award for 3 years.	
	Undertake alignment of IDP process with municipalities, sectoral departments and interested and affected parties.	4.1.1	Ensure the facilitation of IDP forum, alignment and one on one stakeholder meetings by 30 May 2010	30 May 2010	3. IDP Representative Forum, one-on-one alignment meetings and stakeholder meetings facilitated.	
	Ensure compliance with applicable legislation in statutory and development planning.	4.1	Ensure compliance with legislation in statutory and development planning by commenting on all development applications received by 30 June 2010 within the timeframes as specified in each development application.	Ongoing up to 30 Jun 2010	1. Timeously commented on development applications received. 2. Environmental Management Programmes undertaken. Additional: 1. Environmental Management Training conducted for local municipalities. 2. Participations in Arbor Week 2009. 3. Facilitation of National Environmental Volunteer Programme for 2010 FWC.	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
<b>3. Organisational Performance Management (PMS)</b>	Ensure that the Individual Performance Management System for Section 57 Managers is updated and ready for individual assessments	5.6.1	Ensure that Performance Plans for Section 57 Managers are drafted and signed within specified time-frame as per the MFMA by 31 July 2009.	31 July 2009	1. All Section 57 Performance Agreements, Performance Plans and supporting documentation were drafted and signed by 31 July 2009. Additional: 1. Developed an OPMS and an OPMS Scorecard.	
		5.6.1	Report on completed 2008/2009 financial year's performance assessments to KZN DLGTA (Dept local Govt & Trad affairs) by 31 January 2010.	31 Jan 2010	1. Full report was submitted to KZN DLGTA by 31 January 2010. Additional: 1. All KZN DLGTA Surveys and questionnaires were responded to. 2. Report to KZN COGTA on Performance Bonuses paid.	
		5.6.1	Report on mid 2009/2010 financial year's performance assessment results per departmental head to the Performance Audit Committee by 30 April 2010.	30 April 2010	1. Full report on 1st Quarter Performance was submitted to Performance Audit Committee on 3 February 2010. 2. Full report on 2nd Quarter Performance was submitted to Performance Audit Committee on 22 April 2010.	
		5.6.1	Report on full 2008/2009 financial year's performance assessments results per departmental head to the Performance Audit Committee by 30 September 2009.	30 Sept 2009	1. Full report on 2008/09 Performance Results to Perf. Audit Committee on 27 August 2009, EXCO 27 Aug 2009 and Council 11 November 2009. Additional: 1. Enumeration of 2008/09 Bonuses and Internal Audit verification.	
	Prepare and submit Annual performance report for 2008/2009 completed financial year, including the Annual Organisation's Performance Report for approval by Council.	5.6	Submit Draft Annual Performance report for 2008/2009 financial year on achievements and new targets set for approval by Council by 31 January 2010.	31 Jan 2010	1. Annual Performance Report to Oversight Committee on 10 Dec 2009, to EXCO on 15 Dec 2009 and Council 15 December 2009. Additional: 1. Compiled and Publicised Turnaround Strategy for Public Comment and approval by Council on 27 May 2010.	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
<b>4. Local Development Planning (LED)</b>	Managing the Strategic Portfolio of Local Economic Development by facilitating new investments and new developments within the district	1.1 4.2	Facilitate the uThungulu District's growth and development summit 2009 for all National, Provincial, Local Municipalities and Business stakeholders by 30 June 2010.	30 June 2010	1. Successfully hosted and facilitated the Annual Growth and Development Summit and coverage in the Newsmedia on 13 November 2009.	
	Ensure LED Capacity, Institutional and Operational support to SMME's.	1.1.2	Ensure LED Capacity, Institutional and Operational support to SMME's within the available budget by maintaining a LED Facilitator: agriculture/SMME in place until 30 June 2010.	Ongoing up to 30 June 2010	1. LED Capacity and support was maintained until 30 June 2010. Additional: 1. SMME Stakeholder Workshop facilitated. 2. Kwashange assessment report undertaken. 3. Ntambanana LED Projects investigated. 4. Gijima KZN LED Training Nominations. 5. Nkandla IEC Feasibility Study undertaken.	
	Ensure that a specific number of community members benefits from the LED programme.	1.1.2.5	Report to the Planning and Development portfolio committee on the number of job opportunities created by LED projects by 30 June 2010.	30 June 2010	1. Quarterly reports were submitted to portfolio per sector: - Agriculture - Corridor Development - Tourism Additional: 1. Quarterly reports were submitted to portfolio per sector: - Business & Industry	Continuously strive towards increasing the number of community members benefiting from LED programmes.
	Ensure that Uthungulu participates in Gijima KZN LED Programme as part of it's LED Strategy	1.1.3.2	Participation in the Gijima KZN Provincial Steering Committee to identify possible grant funding and forthcoming LED opportunities by 30 June 2010.	Ongoing up to 30 June 2010	1. Successfully participated in the Gijima KZN Provincial Steering Committee until 30 June 2010. Additional: 1. Secured Gijima KZN LED Learnerships.	
	Formulation of LED Sector plans for the Uthungulu District	1.1.3.2	Implementation of reviews of the: - Tourism Sector Plan (Final Draft) - Agriculture Sector Plan (First Draft) - Transport Sector Plan (Final Draft) - SMME Support Policy (Final Draft) by 30 June 2010.	30 June 2010	1. Reviews were successfully carried out of the following Sector Plans by 30 June 2010: - Tourism Master Plan - Public Transport Plan - SMME Business Support Strategy Additional: 1. Tourism Institutional Framework Plan was compiled by 30 June 2010.	



Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Implementation of Agricultural Sector projects in the District.	1.1.3.4	Ensure support to essential oils projects in Nkandla, Mthonjaneni and Umlalazi by 30 June 2010.	Ongoing to 30 June 2010	<ol style="list-style-type: none"> <li>1. Nkandla Essential Oils was further developed and capacitated.</li> <li>2. Mthonjaneni Essential Oils was transferred to Mthonjaneni Local Municipality.</li> <li>3. uMlalazi Essential Oils project was terminated.</li> </ol> <p>Additional:</p> <ol style="list-style-type: none"> <li>1. Biodiesel investigation conducted.</li> <li>2. Hlaza Community Trust Project Investigation conducted.</li> <li>3. Facilitated Agricultural Forums.</li> <li>4. Facilitated Indaba with Organised Agriculture</li> <li>5. Facilitated Indaba with Emerging Agriculture.</li> <li>6. Mbonambi Community Farm Investigation conducted.</li> <li>7. Alignment actions with Agricultural Interest Groups and Department of Rural Development and Land Reform implemented</li> </ol>	Strategically reconsider the municipality's role in agricultural development projects.
	Implementation of Projects with Tourism potential within the district.	1.2.4	Report, to the Planning & Development Portfolio Committee, on progress of projects with tourism potential for the district four times per year. (i.e. quarterly at the first sitting of the committee after the end of the quarter.)	Continuous up to 30 June 2010	<ol style="list-style-type: none"> <li>1. Quarterly Progress Reports were submitted to the Portfolio Committee submitted.</li> <li>2. Funded Boardwalk Inkwazi Info hub.</li> <li>3. Implemented of E-Marketing Newsletter.</li> <li>4. Hosted the 13th Annual Zulu Dance Competition.</li> <li>5. Funded the Zululand Birding Route.</li> </ol> <p>Additional:</p> <ol style="list-style-type: none"> <li>1. Crafters development training.</li> <li>2. Crafters support to Decorex Show.</li> <li>3. Hosted Tourism Enterprise Workshop.</li> <li>4. Hosted Provincial Tourism Committee.</li> <li>5. Participated in Khula Arts Centre.</li> </ol>	
	Marketing of District as Tourism Destination.	1.2.4.2	Marketing of District as Tourism Destination by participating in Tourism shows and in publications by 30 June 2010	30 June 2010	<ol style="list-style-type: none"> <li>1. Participated in International and National Shows in SA.</li> <li>2. Advertised in publications and brochures domestic and international.</li> </ol> <p>Additional:</p> <ol style="list-style-type: none"> <li>1. Tourism supplements in Media.</li> <li>2. 2010 Tourism Indaba participation.</li> <li>3. Participated in Zululand Expo.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Ensure Uthungulu's participation in the Provincial Corridor Development and securing of grant funding for Corridor LED projects	1.2.2.10 2.6.1 4.1.4.1 1.2.2.7 1.1.3.6	Compiled business plans as applications and grant funding secured from Corridor Development Fund by 30 June 2010 - Kwabulawayo Tourism - Transport Plan Review - Mbonambi Development Framework - Route 66 Heritage Route - Craft Development Hub	30 June 2010	1. Implemented of approved business plans for Corridor Development Funding: - Kwabulawayo Tourism Development. - Integrated Transport Plan Review. - Mbonambi Development Framework. - R66 Heritage Route. - Craft Development Hub Additional: 1. New Corridor Funding Application Business Plans drafted for 09/10 funding. 2. Additional Funding application: Integrated Transport Planning.	
<b>5. Risk Management</b>	Managing the Strategic Portfolio of Risk Management within the municipality by coordinating and facilitating all joint actions by departments	5.7.2	Facilitate the implementation and maintaining of an Anti-Corruption Fraud prevention action plan at HOD Strat Meetings up to 30 June 2010	Continuous up to 30 June 2010	1. Fraud Risk Assessment was submitted and discussed at HOD Strat Meetings on a bi-weekly basis until 30 June 2010. Additional: 1. Review of the Fraud Prevention Strategy 2. Review of the Risk Management Control Mapping Report. 3. Undertook a King 3 Gap Analyses on Co-operative Governance.	
<b>6. Shared Services</b>	Strategically managing the uThungulu District Municipality's shared services support function for Development Planning to participating local municipalities	5.5	Maintain a Shared Services Support Centre for the Uthungulu Family of municipalities for the function of Development Planning.	Continuous up to 30 June 2010	1. Finalised a DPSS Workplan. 2. Hosted DPSS Technical Steering Committee Meetings. 3. Compiled DPSS Job Descriptions for Local Municipalities. 4. Compiled Generic IDP Process Plans. 5. Assisted with LUMS at Local Municipalities. 6. Submitted DPSS Quarterly Reports to Council. 7. Effectuated DPSS Funding Transfers to Local Municipalities. 8. Assisted with Spatial Development Frameworks of Local Municipalities. 9. Assisted with recruitment of Shared Services Staff at Local Municipalities. Additional: 1. Facilitated OPMS Training for municipalities. 2. Facilitated IDP Skills training for municipalities.	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
					3. Facilitated Environmental Training for municipalities. 4. KwaShange Traditional Authority investigation conducted. 5. District Sport facility survey 6. Land Use Scheme Presentations to municipalities. 7. Comments on Town Planning Schemes 8. Implemented Development Application Pro-forma 9. Developed a Pre-Application discussion procedure. 10. Developed an Application record and trail for local municipalities. 11. Developed PDA Delegation of Powers. 12. Prepared EIA Policy and Procedures for local municipalities.	
<b>7. District Bid and Adjudication</b>	Manage the uThungulu district municipality's bid adjudication process by chairing the Bid Adjudication Committee. (BAC)	5.1.4.1	Chair ordinary & special BAC meetings and ensure that adjudication of tenders is strictly complying with the supply chain management policy and relevant procedural requirements for the period ending 30 June 2010.	Continuous up to 30 Jun 2010	1. Successfully facilitated BAC meetings and ensured that tenders were awarded in accordance to Council's SCM policy. 2. Regularly reported tenders awarded to EXCO and Council. 3. Official records of proceedings were safe kept in accordance to the Access to Information Act.	
<b>8. Special Projects: Soccer 2010</b>	Ensure the strategic readiness of the district to host a base camp / training venue for the 2010 Soccer World Cup	5.8.1	Maintain 2010 Strategic Readiness by hosting a 2010 Readiness Forum and Workstream Steering Committees up to the 2010 event.	Continuous up to 30 June 2010	1. Facilitated and hosted monthly meetings of the 2010 Strategic Readiness Forum 2. Facilitated and hosted the 5 Workstream Committee meetings to ensure readiness. Additional: 1. Participated in the KZN 2010 Readiness Forum.	
		5.8.1	Facilitate a tourism forum for Tourism Sector providers by 30 May 2010.	30 May 2010	Facilitated and hosted a 2010 Tourism Indaba from 16-17 March 2010. Publicised a 2010 Tourism Indaba Newspaper Supplement.	
		5.8.1	Maintain a District Coordinator to man the 2010 helpdesk and to co-ordinate 2010 programmes until 30 June 2010	Continuous up to 30 June 2010	1. 2010 FWC District Co-ordinator was maintained up to 30 June 2010.	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
		5.8.1	Facilitate a district 2010 soccer indaba by 30 June 2010 to address the five main workstreams of readiness for 2010	30 June 2010	<ol style="list-style-type: none"> <li>Final Strategic Readiness Forum on 4 June 2010 culminated in an Indaba for all 5 Workstreams.</li> <li>Official Opening of 2010 Stadium on 5 June 2010, as second leg of Indaba.</li> </ol> Additional: <ol style="list-style-type: none"> <li>2010 Tourism Indaba facilitated</li> </ol>	
		5.8.1	Act as project manager for the uMhlathuze multi purpose sports facility project, by conducting district steering committee meetings, for the 2009/2010 financial year up to 30 June 2010. Represent the district on provincial 2010 steering committee. Submit monthly 2010 progress reports to the provincial committee within 2 weeks of the next month.	Continuous up to 30 June 2010	<ol style="list-style-type: none"> <li>Facilitated monthly 2010 Technical Steering Committee meetings.</li> <li>Submitted monthly 2010 Stadium Construction Progress Reports.</li> <li>Scheduled monthly 2010 Stadium Site Meetings</li> <li>Attended KZN Provincial Steering Committees</li> </ol> Additional: <ol style="list-style-type: none"> <li>Issued and submitted monthly Environmental Audit Reports.</li> </ol>	
		5.8.1	Facilitate the Soccer 2010 Safety and Security Forum as well as the Soccer 2010 Disaster Management Planning Steering Committee on a quarterly basis up to 30 June 2010	Continuous up to 30 June 2010	<ol style="list-style-type: none"> <li>Compiled and implemented the 2010 Disaster Management Plan.</li> <li>Facilitated the 2010 Safety and Security Forum.</li> <li>Facilitated and hosted the 2010 Disaster Management Steering Committee.</li> </ol> Additional: <ol style="list-style-type: none"> <li>Compiled Disaster Management and Safety and Security Checklists.</li> <li>Facilitated the Theoretical Simulations for the 2010 Stadium and PVA.</li> <li>Facilitated presentation on the Safety and Security Bill.</li> </ol>	



Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
		5.8.1	To finalize the phase 1 construction of the 2010 FIFA Spec uMhlathuze Training Stadium by 31 May 2010.	31 May 2010	1. Phase 1 2010 FIFA Spec Stadium was finalized and handed over by 31 May 2010 to Project Proposer and Project Owner. Additional: 1. VAT Refund from SARS secured to make up for the shortfall on funding for development of Phase 1. 2. Successfully secured Nigeria to utilize stadium as 2010 Basecamp. 3. Long term sustainability: Successfully secured Thanda Royal Zulu Football Club as Anchor Tenant at the Phase 1 Stadium Development.	

## Performance Report - Chief Financial Officer

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
1. <b>Budget and Management of Accounts</b>	Effectively plan, execute and manage the budgeting process in accordance with the Municipal Finance Management Act, 2003.	5.1.2	Submit budget time schedules to EXCO & Council before 31 August 2009.	31 Aug 2009	1. The budget process commenced and per UDMC: 1017 on the 12 August 2009 Council approved the time schedule of Key Deadlines for the 2010/11 budget. Additional: 1. Established the Budget Steering Committee and adopted of terms of reference on 30 July 2009 2. Budget implementation plan finalised ahead of schedule	
		5.1.2	Prepare and submit 2010/2011 draft budget to Council for approval by 31 March 2010 in terms of section 16 (2) of the MFMA	31 March 2010	1. The Budget Steering Committee finalized the detailed time frames on 15 December 2009.. 2. The budget guidelines for 2010/11 to 2012/13 were finalised and budget packs for department were prepared and distributed on 8 January 2010 3. The draft 2010/2011 budget was approved by Council on 25 March 2010. Additional: 1. Additional workshops were held during April for MANCO, Finance portfolio members and EXCO in order to workshop the constraints experienced and balancing the budget.	
		5.1.2	Prepare and submit final 2010/2011 budget to Council for approval by 31 May 2010 in terms of section 24 (1) of the MFMA.	31 May 2010	1. The final 2010/11 budget was approved by Council on 27 May 2010. Additional: 2. A budget overview pamphlet was drafted and published in the Zululand Observer during April 2010	
		5.1.2	Prepare and submit the Mid-Year Financial Review of the 2009/2010 budget in terms of section 72 of the MFMA by 25 January 2010	25 Jan 2010	1. Meetings were held at the beginning of December 2009 with all departments to review expenditure and ensure the tight deadline of 25 January 2010 was achieved 2. The mid-year review for 2009/10 was approved by Council on 21 January 2010.	
		5.2.1	Prepare and submit adjustments budget if required, by 28 February 2010, section 72 of the MFMA.	28 Feb 2010	1. Meetings were held at the beginning of December 2009 with all departments to review expenditure in preparation for the budget adjustment. 2. The adjustment budget for 2009/10 was approved by Council on 21 January 2010 (ahead of schedule).	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Submit monthly financial reports.	5.1.1	Prepare and submit monthly financial reports to the Mayor in terms of section 71 of the MFMA within 10 working days after each month end	Monthly to 30 Jun 2010	1. The monthly section 71 reports were submitted to the Mayor each month.	1. The monthly reports in terms of section 71 of the MFMA are required to be submitted within 10 working days after each month end. 2. There are challenges with submission being occasionally delayed as a result of time constraints due to legislated reporting framework in terms of National and Provincial Departments. 3. In 2010/2011 uThungulu will endeavour to ensure that reports are finalised as per section 71.
	Produce annual financial statements that comply with applicable legislation (GAMAP/ GRAP)	5.1.1	Complete and formally submit the 2008/2009 annual financial statements to Auditor General by 31 August 2009	31 Aug 2009	1. The uThungulu District Municipality's Financial Statements for the 2008/2009 financial year were submitted to the Auditor General on 31 August 2009. 2. The financial statements were submitted to the audit committee on 10 September for comment. 3. The consolidated financial statements were submitted to the Auditor General on 30 September 2009.	
	Ensure that the Audit Report is submitted to Council	5.1.1	Submit the Financial Audit Report of 2008/2009 financial year to Council by 31 January 2010	31 Jan 2010	1. The audit report, as issued by the Office of the Auditor General for 2008/2009 was included within the Annual report and was submitted to Council on the 15 December 2009	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
					Additional: 1. The annual report inclusive of Audited AFS was completed ahead of schedule ( Per MFMA the annual report is required to be submitted within 9 months after the end of the financial year per MFMA S121(1)).	
	Review Service Delivery & Budget Implementation plan (SDBIP) as per Section 69(3) (a) of MFMA for the 2009/2010 Financial year	5.1.1	Prepare and submit the Finance SDBIP for 2009/2010 and submit within 2 months after the quarter to the Finance portfolio committee.	Quarterly to 30 June 2010	1. The SDBIP was prepared and submitted to EXCO on 27 August 2009. 2. Quarterly SDBIP reports were submitted to the Finance Portfolio Committee timely. Additional: 1. The draft 2010/2011 was noted by the Finance Portfolio Committee on 26 May 2010.	
	Maintain a loan register		Submit quarterly reports details of all loans as part of the quarterly financial report to the Finance portfolio within 2 months after the quarter.	Quarterly to 30 June 2010	1. Quarterly finance reports were submitted to the Finance Portfolio Committee as per annexure 4 and summarised the Loan Register for the District, as included in the monthly section 71 reports.	
<b>2. Revenue Management</b>	Annually revise budget/revenue and expenditure policies	5.1.3.1	Prepare and submit revised credit and debt control policy for approval by 30 June 2010	30 June 2010	1. The Credit and Debt Control policy was reviewed and submitted to the Finance Portfolio Committee on 22 February 2010 and Council on 22 March 2010.	
		5.1.3.1	Prepare and submit revised indigent policy for approval by 30 June 2010	30 June 2010	1. The Indigent policy was reviewed and submitted to the Finance Portfolio Committee on 22 February 2010 Council on 22 March 2010.	
		5.1.3.1	Prepare and submit revised incentive policy for approval by 30 June 2010	30 June 2010	1. The Incentive policy was reviewed and submitted to the Finance Portfolio Committee on 22 February 2010 Council on 22 March 2010.	
		5.1.3.1	Prepare and submit revised tariff policy for approval by 30 June 2010	30 June 2010	1. The Tariff policy was reviewed and submitted to the Finance Portfolio Committee on 22 February 2010 Council on 22 March 2010. Additional: 1. The various sewerage tariff calculation methods were re-researched, submitted & finalised by the sub-committee.	



Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Reporting of grants as gazetted.	5.1.3.1	Submit monthly Grant reports to the relevant Provincial Departments on all DORA grants received due by the 11th working day of the following month.	Monthly to 30 June 2010	1. The DORA reports were submitted monthly.	1. As per the Division of Revenue Act, reports are to be submitted within 10 working days after each month end. To ensure compliance is upheld, all related processes will be monitored closely in the 2010/2011 financial year.
	Monitor and report on Financial Viability (debtors collection)	5.1.3.1	Prepare and submit quarterly report to Financial Services Portfolio Committee, within 2 months after the quarter, on the Financial Viability of uThungulu DM on applicable National KPI ratios. (debtors collection)	Quarterly to 30 June 2010	1. Quarterly reports were submitted to the Finance Portfolio Committee on debt collection ratios.	
	Improve debtors collection	5.1.3.1	Submit a report on debt collection targets & credit control progress to the Portfolio Committee within 2 months after the quarter end.	Quarterly to 30 June 2010	1. Debt collection targets for the 2009/2010 financial year were set and submitted to the Finance Portfolio Committee on 30 July 2010. 2. The collection targets and credit control actions were submitted quarterly to the Finance Portfolio Committee. Additional: 1. The credit control and monitoring of Government debtors proved a challenge. Meetings were held with the Department of Public Works. Reports were submitted to National Treasury on a monthly basis on defaulters and a letter was sent to MEC Cronje in which outstanding government debtors were listed.	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Annual review credit rating	5.1.3.1	Prepare the District's credit rating report on an annual basis based on the previous year's Financial Statements and submit to Financial Services Portfolio Committee by 30 June 2010.	30 June 2010	<ol style="list-style-type: none"> <li>1. The Global Credit Rating agency was appointed to prepare the credit rating.</li> <li>2. The draft credit rating reports was received in June 2010, however due to management input, the final report will be issued on 15 July 2010</li> <li>3. The credit rating issued in the preliminary report remains unchanged from 2008/2009.</li> </ol>	
	Maintain an Investment register	5.1.3.1	Submit quarterly reports of the investment register with details of investment, period, interest rate and term as part of the quarterly financial report to the Financial Services Portfolio Committee within 2 months after the quarter.	Quarterly to 30 June 2010	<ol style="list-style-type: none"> <li>1. The investment register was summarised and submitted quarterly to the Finance Portfolio Committee as an annexure to the Finance Report.</li> </ol>	
<b>3. Expenditure</b> (supply chain management, stock and asset management)	Annual review of Supply Chain Management policy	5.1.4.1	Submit the annual review report on the Supply Chain Management policy to Financial Services Portfolio Committee by 30 June 2010.	30 June 2010	<ol style="list-style-type: none"> <li>1. SCM policy was reviewed and submitted to the Finance Portfolio Committee on 22 February 2010 and Council on 22 March 2010.</li> </ol> <p>Additional:</p> <ol style="list-style-type: none"> <li>1. An overview on the implementation of SCM policy during 2009/2010 was prepared and will be presented to the Finance portfolio in the 2010/2011 financial year.</li> </ol>	
	Annual review of Fixed Asset policy	5.7.4	Submit annual review report on the Fixed Asset policy to Financial Services Portfolio Committee by 30 June 2010.	30 June 2010	<ol style="list-style-type: none"> <li>1. The Asset policy was revised, aligned to GRAP17 and submitted to the Finance Portfolio Committee on 10 September 2009.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Control and monitor stores centres by performing quarterly stock counts	5.1.4.1	Control and monitor stores with quarterly stock counts and report on the results / variances annually within 2 months after the financial year end to the Financial Services Portfolio Committee.	Quarterly to 30 June 2010	<ol style="list-style-type: none"> <li>Quarterly stock counts took place at all stores during the financial year.</li> <li>The final year end stock counts took place on 23 and 24 June 2010 at the Empangeni, Es- howe and Mthonjaneni stores</li> </ol> <p>Additional:</p> <ol style="list-style-type: none"> <li>The report on the year end stock take will be presented to the Finance Portfolio Committee on 28 July 2010 where a 0,10% stock shortage of total stock will be noted on the 2009/2010 year end stock count.</li> </ol>	
<b>4. Strategically management of department</b>	Ensure sufficient Financial department responses to internal audit and general enquiries and implement approved recommendations timeously.	5.6.2	Respond to all finance internal audit enquiries and general enquiries and take action on all approved recommendations within 30 days of report date unless there are reasons why implementation is not possible.	Ongoing up to 30 June 2010	<ol style="list-style-type: none"> <li>The internal audit reports were submitted to the Audit Committee timely.</li> <li>Internal audit commenced in September 2009.</li> <li>The following audit reports were approved by the audit committee during the financial year: <ul style="list-style-type: none"> <li>- Capital and Tender</li> <li>- Fixed asset policy</li> <li>- Review of EFT</li> <li>- Registry</li> <li>- Human Resources</li> <li>- Procurement</li> <li>- Creditors and Payments</li> <li>- Council meetings</li> </ul> </li> <li>The Chief Financial Officer, beyond regular duties, fulfilled the following duties: <ul style="list-style-type: none"> <li>- Acted as Deputy Chairperson of the Bid Adjudication Committee</li> <li>- Chaired the Finance Management Committee</li> <li>- Attended and provided input at the bi-monthly Management Committee meetings</li> <li>- Prepared and submitted items to the Finance Portfolio Committee and Audit Committee</li> <li>- Attended and provided inputs at the bi-monthly MM strategic meetings.</li> <li>- Responded and attended to issues raised during meetings with relevance to the Finance Department</li> </ul> </li> </ol>	
	Monitor and report on the Performance of Contractors under the control of the CFO Department	5.6.2	Draft reports and submit bi-annually to the Financial Services Portfolio Committee on the Performance of	Ongoing up to 30 June 2010	<ol style="list-style-type: none"> <li>Bi-annual reports were compiled on the performance of contractors under the control of the Finance Department and were submitted to the Finance Portfolio Committee which ap</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
			Contractors under the control of the CFO Department. To be reported within 2 months after quarter 1 and 3. The report should highlight actions taken to address undue performance.		proved all reports timely.	
	Hold Departmental meetings to ensure efficiency of staff.	5.6.2	Conduct monthly meetings, with Finance Managers and keep record of minutes of meetings to ensure that staff is utilised.	Ongoing up to 30 June 2010	1. Monthly meetings were held with Finance staff, except during December, to ensure that municipal information is communicated to staff and to iron out any problems within the department.  Additional: 1. Each section within the department, for e.g. Revenue & Expenditure, also conducted regular meetings with staff within the respective sections.	
<b>5. Municipal Financial Viability and Management</b>	Internal and external audit reports to the Mayor.	5.1.1	Coordinate and submit internal audit reports to the Audit Committee per the approved audit plan up to 30 June 2010	Ongoing up to 30 June 2010	1. The internal audit plan for the 2009/2010 financial year was approved by the Audit Committee on 10 September 2009. 2. The Finance Department liaised with the Office of the Auditor General regarding the 2008/2009 audit report and ensured that all queries raised by the AG were addressed and forwarded to the AG by the due date set. 3. A meeting was coordinated between the Mayor, Audit Committee members, HOD's and the AG to discuss the draft audit report presented by the AG. 4. uThungulu District Municipality officially received an unqualified audit report for the 2008/2009 financial year at the handover ceremony in Pietermaritzburg on 01 December 2009. 5. The appointments of the new Audit Committee members were coordinated and the remuneration of the members were revised and approved on 23 June 2010. 6. The status report for 2009/2010 audit plan was approved by Council on 23 June 2010. 7. Assistance was rendered in the compilation of the Turnaround Strategy, which was approved by Council on 27 May 2010.	



## Performance Report - Executive Director Corporate Services

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
1. <b>Administrative Services</b>	Manage Portfolio Committee System by scheduling of meetings, submission of agendas and keeping of minutes of meetings.	5.3.1	Schedule at least one portfolio committee meeting per quarter per portfolio and submit agendas and minutes internally and to Portfolio Committee members.	Quarterly to 30 June 2010	<ol style="list-style-type: none"> <li>1. A total of 53 portfolio committee meetings took place during the 2009/2010 financial year which included the Corporate Services, Finance, Technical, Planning, Local Labour Forum, Performance Audit, Audit, Scopa, Oversight and Budget Steering Committees.</li> <li>2. All agendas and minutes were distributed according to Council's Standing Rules of order.</li> </ol>	
		5.3.1	Schedule at least one Exco meeting per month except for December and submit agendas and minutes - as per the Council's Standing Rules of order	Monthly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. A total of 18 Exco meetings took place during the 2009/2010 financial year as opposed to the targeted 11 meetings.</li> <li>2. All agendas and minutes were distributed according to Council's Standing Rules of order.</li> </ol>	
		5.3.1	Schedule at least one Council meeting each quarter and submit agendas and minutes to Councilors' and Officials as per Council's Standing Rules of order.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. A total of 13 Council meetings took place during the 2009/2010 financial year as opposed to the targeted 11 meetings</li> <li>2. All agendas and minutes were distributed according to Council's Standing Rules of order.</li> </ol>	
		5.3.1	Submit items quarterly to Exco as per Council's Standing Rules of order, on bids awarded	30 Jun 2010	<ol style="list-style-type: none"> <li>1. The Bid Evaluation Committee and Bid Adjudication Committee held weekly meetings during the financial year on bids awarded</li> <li>2. The Bids Specification Committee held regular meetings to draw up tender specifications.</li> </ol>	
	Drafting of an Access to Information Manual by 20 June 2010	5.7.4.1.5	Ensure an updated access to information manual approved by Exo by 31 Dec 2009	31 Dec 2009	<ol style="list-style-type: none"> <li>1. The access to information manual was reviewed and submitted to Council on 11 November 2009.</li> <li>2. The updated manual was distributed to all user departments and the Department of Justice for gazetting.</li> <li>3. A records library underwent a total revamp.</li> </ol>	
	Ensure the delivery of an effective and efficient Fleet Control service	5.3.1.1	Ensure the proper allocation of fleet vehicles as per policy and submit quarterly reports on the utilization of Council's fleet to Management Committee.	30 Jun 2010	<ol style="list-style-type: none"> <li>1. Monthly reports were prepared and submitted to Management Committee for the 2009/2010 financial year.</li> <li>2. The new Fleet Tender was finalised and was advertised in the 2010/2011 financial year.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
<b>2. Management Services</b>	Implementation of the employment equity plan and review of strategy and targets	5.2.1	Ensure that 75% of appointments are made in line with the employment equity plan and submit quarterly update report to the Employment Equity Committee within the month after the quarter end.	Quarterly to 30 June 2010	<ol style="list-style-type: none"> <li>1. The Employment Equity Plan for the period of 2009/2014 was submitted to the Department of Labour on 30 April 2009.</li> <li>2. The Employment Equity Report for 2008/2009 was submitted to the Department of Labour on 1 October 2009.</li> <li>3. Quarterly reports were submitted to the EE Committee..</li> <li>4. Monthly WSP Implementation reports were submitted to LGSETA.</li> <li>5. 82% of appointments of 2009/2010 have been made in line with EEP</li> </ol>	
	Recruitment, selection and retention policies are implemented.	5.2.1	Report monthly within the first 2 weeks of the month end on recruitment progress to the Management Committee.	Monthly to 30 June 2010	<ol style="list-style-type: none"> <li>1. A recruitment progress report was drafted and submitted to the Management Committee on a bi-weekly basis.</li> </ol>	
	Human Resources road shows Skills Development	5.2.1	Report to the Department of Labour, on progress of implementation of WSP as at 31 Dec 2009 and 30 June 2010.	31 Dec 2009 to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. Implementation of the WSP report is submitted monthly to the LG Seta in the form of the monthly Monitoring Report.</li> <li>2. A total of 20 Officials participating in the ABET program held in Richards Bay wrote internal exams in numeracy on 23, 24 and 26 November 2009.</li> <li>3. A total of 5 officials participating in the ABET program held in Nkandla wrote internal exams in numeracy on the 26 November 2009.</li> <li>4. A total of 10 officials participating in the ABET program held in Mtunzini/Gingindlovu wrote exams in numeracy on 25 November 2009.</li> <li>5. A total of 14 officials participating in the ABET program held in Eshowe wrote internal exams in numeracy on 24 and 26 November 2009.</li> <li>6. 49 Employees in total. Funding was sourced from the SETS for this program.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
		5.2.1	Compilation of Skills Audit: Staff & Councillors by 30 April 2010	30 Apr 2010	<ol style="list-style-type: none"> <li>1. The compilation of Skills Audit was completed by 09 June 2010.</li> <li>2. The reason for the delay was due to a Skills Audit that was imposed on the Municipality by the DCoGTA, therefore 2 Audits had to be performed as opposed to one.</li> </ol>	3. Scheduling of Skills Audits to commence in March as opposed to April.
		5.2.1	Submission of approved WSP to LGSETA by 30 June 2010	30 June 2010	<ol style="list-style-type: none"> <li>1. The Training Committee approved the 2009/10 ATR &amp; 2010/2011 WSP on 28 June 2010. ATR &amp; WSP was submitted to LGSETA on 28 June 2010 through overnight courier service.</li> </ol>	
	Human Resource (HR) Administration to internal customers is in place	5.2	Submit Quarterly manpower report to the Corporate Services Portfolio Committee on appointments, resignations, disciplinaries, benefits etc, within the first month after the quarter end.	01 July 2009 to 30 June 2010	<ol style="list-style-type: none"> <li>1. Quarterly manpower reports were submitted to the Corporate Services Portfolio Committee.</li> <li>2. A Tender was awarded on 20 August 2009 for the provision of Medical Examinations for NJMPF, Exit Medicals, Medical Boardings &amp; IOD's.</li> </ol> <p>Additional:</p> <ol style="list-style-type: none"> <li>1. HR Records revamp – Complete installation of filing system</li> <li>2. Updates on HR modules on Payday system, i.e. leave, EE, skills, etc parameters, from March to June 2010.</li> </ol>	
	Co-ordinate and organize Central Health and Safety Committee meetings.	5.2.1.7	Ensure that at least four Central Health and Safety Committee meetings are conducted during the year and maintain minutes of the meetings for inspection.	Quarterly to 30 June 2010	<ol style="list-style-type: none"> <li>1. Quarterly Health and Safety Committee meetings were held.</li> <li>2. 6 Employees were trained as First Aiders during September 2009.</li> <li>3. 80 employees were trained in basic Fire Fighting during the period 30 Sept to 02 October 2009.</li> <li>4. 7 Employees were trained as SHE Reps during the month of March 2010. An inspection of the Solid Waste Site was carried out.</li> </ol> <p>Additional:</p> <ol style="list-style-type: none"> <li>1. There was active involvement of OHS during construction of the building.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Implementation and compliance of Occupational Health & Safety (OH&S)	5.2.1.7	Organize medical examinations for staff in water plants as per legislation and submit report on examination results to the user department by 30 November 2009	30 Nov 2009	<ol style="list-style-type: none"> <li>Occupational medicals were held on the 19th and 20th of November 2009.</li> <li>95 employees attended occupational medicals.</li> <li>The Doctor's report was submitted to the Supervisors and Heads of Departments.</li> <li>A new Tender for Occupational Medical Practitioner was advertised in February 2010 and closed on 05 March 2010.</li> <li>The last round of medicals for the financial year took place on 09 &amp; 10 June 2010.</li> </ol>	
	Enforce policy to provide Employee Assistant Programme	5.2.1.5	Submit Quarterly Reports within the first month after the quarter end to the user Department on the number of Employee's that were provided with the necessary assistance.	Quarterly to 30 June 2010	<ol style="list-style-type: none"> <li>Quarterly utilisation reports were submitted and forwarded to MANCO members</li> <li>The new EAP Tender that was advertised in February 2010 and closed on 05 March 2010.</li> <li>Tender was cancelled due to insufficient funds being approved in the 2010/11 budget.</li> </ol>	Source New Provider on a Voluntary basis or reduced cost to Council
	Administration of Bursaries		Report quarterly to the Training Committee at first Training committee meeting after the quarter end on the number of bursaries awarded. (Internally and externally).	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>7 Officials were awarded bursaries at the CSPC</li> <li>2 Students who are doing their National Diplomas in Civil Engineering were awarded bursaries in January 2010</li> <li>4 Dependants' bursary applications were received for academic year 2010 and were approved by the Bursary Awards Committee</li> <li>2 IT Interns contracts were extended with effect from 01 January 2010 to 30 June 2010</li> <li>A sponsorship was awarded to a student who is doing his BSc in Hydrology in January 2010 (1st Year)</li> <li>2 Dependants completed their studies in December 2009, i.e. Mr M Ntuli and Ms N Eksteen</li> <li>3 External bursars served internship during the June school holidays. Internships commenced on 15 June 2010.</li> </ol> <p>Additional:</p> <ol style="list-style-type: none"> <li>1 Extra-ordinary Bursary was awarded to a former teacher to undertake full time studies in Engineering.</li> </ol>	



Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
<b>3. Information Technology</b>	Align functionality requirements of the various departments and create an enabling environment for service delivery through effective and efficient IT Services.	5.2.2	Review call logs on a weekly basis and check that queries are resolved timeously.	01 July 09 to 30 Jun 2010	<ol style="list-style-type: none"> <li>Quarterly Calls summary reports and breakdown analysis were submitted</li> <li>318 calls were received, of which 300 were resolved.</li> </ol> Additional: <ol style="list-style-type: none"> <li>IT Technician attends to several IT call outs at external sites.</li> </ol>	With increased IT capacity, aim to resolve all calls logged
		5.2.2	Ensure off site storage of daily, weekly, monthly and yearly backup tape for data restore and business continuity	01 July 09 to 30 Jun 2010	<ol style="list-style-type: none"> <li>Back-up tapes were stored offsite at Metrofile on a monthly basis.</li> </ol>	
<b>4. Community Services</b>	Manage the delivery of environmental health services delivered by local municipalities on behalf of the KZN department of Health	3.1.3	Compile a consolidated report on environmental health services and submit quarterly report to the Community Services Portfolio Committee at the first meeting of the Committee after the quarter end	Quarterly to 30 June 2010	<ol style="list-style-type: none"> <li>Quarterly reports on the state of Environmental Health Services within the district were submitted to the Corporate Services Portfolio Committee.</li> <li>Environmental Health Consultative Committee Monthly Meetings: were held during the financial year.</li> <li>Local Government and Provincial Liaison Meeting were attended.</li> <li>Swine Flu Awareness programmes were initialised.</li> <li>The Health and Hygiene Strategy Roll out Workshop took place in September 2009.</li> <li>Bilhazias Awareness programmes were raised.</li> <li>The Cleanest School Competition Awards ceremony was held during July and August 2009.</li> <li>T-shirts were delivered to uMlalazi schools to raise health awareness.</li> <li>Routine helath inspections were carried out at Mthonjane-ni, uMfolozi and Nkandla during the financial year.</li> </ol> Additional: <ol style="list-style-type: none"> <li>The Corporate Services Department have had 2 meetings with Provincial Health to initiate the transfer process.</li> <li>Establishment of Air Quality function, Air Quality Manager appointed in May 2010.</li> <li>Conducted Workshop for Environmental Health Practitioners in the District on Meetings with Clean Air Association.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Delivery of a fire, emergency service and disaster management service in the district.	3.5.4	Draft a consolidated report on the rural metro service within the four local municipalities and submit the report to the Committee quarterly at the first Community Services Portfolio Committee meeting after the quarter end.	Quarterly to 30 June 2010	1. Monthly consolidated reports on the Rural Metro service within the four local municipalities were received and submitted quarterly to the Corporate Services Portfolio Committee Additional: 1. Fire awareness campaigns were conducted at Mthonjaneni in November. Convened Mayors' Forum to resolve future of Fire Fighting Services in view of budget constraints.	
		3.5.3	Conduct at least 2 Disaster Forum meetings per annum and maintain minutes for inspection.	July 2009 to 31 Dec 2009	1. Disaster Management Forum meetings were held quarterly and minutes and agendas were kept on file for all of the meetings.	
		3.5.1	Ensure that calls received by the Call Centre for disaster management are responded to by providing necessary assistance. Submit a quarterly report within the month after the quarter end to the Community Services Portfolio Committee on the number of incidents and the support provided.	31 Dec 2010	1. Quarterly reports on the operation of the Call Centre, detailing incidents and responses were submitted to the Community Services Portfolio Committee timely.	
	Support to marginalised groups	3.6.1.1	Plan programmes for the disabled, senior citizens, women, youth, and children and submit feedback reports to the portfolio committee at the first sitting of the Portfolio Committee after the program.	Quarterly to 30 June 2010	1. Handover of 5 OVC houses was held on 01 September 2009 at Obanjani. 2. Toys, books and clothes were handed over to Richards Bay Child welfare on 24 August 2009 and Empangeni Child Welfare on 26 August 09. 3. Womens' Day celebration were held on 26 August 2009 4. Workshop for people with Disabilities was held from 17 to 18 November 2009 5. 8 uThungulu delegates with disabilities attended the International Day for People with Disabilities held on 3 December 2009 in the uMkhanyakude District Municipality	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
					<ol style="list-style-type: none"> <li>5 delegates from uThungulu attended the National Older Persons Biennial Conference 6- 8 Oct 09 at Bloemfontein</li> <li>A 16 Days of Activism information sharing workshop was held on 26 Nov 09.</li> <li>School uniforms were distributed to identified needy children on 14 January 2010</li> <li>Presented a large quantity of toys which were contributed by Boxer Super Stores Richards Bay to needy children of Mqedi Creche, Mandlanzini and Siyadingana Creche, Esikhaleni on 30 March 2010</li> <li>Sign Language training was conducted from 15 to 16 April 2010 to capacitate Special Programmes Coordinators and other people with disabilities to enhance their communication with those who can neither hear nor speak.</li> <li>15 Delegates from uThungulu attended the One Home One Garden Summit for People Living with Disabilities which was held in Pietermaritzburg on 04 June 2010.</li> </ol>	
		3.6.1.5	Contribute financially and otherwise to the Heritage Day Celebrations and Diwali and report to Portfolio Committee at first sitting after the event.	30 Nov 2009	<ol style="list-style-type: none"> <li>R5000.00 was donated towards Heritage Day on 27 September 2009</li> <li>An Advocacy Workshop on National Heritage Council was attended on 25 August 2009</li> <li>Donation of R15000.00 towards the Diwali celebrations</li> </ol>	
		3.6.1.6	Support HIV/Aids programmes by making financial or otherwise contributions to requesting organisations. Report to Portfolio committee at first sitting after the event.	30 Jun 2010	<ol style="list-style-type: none"> <li>Home Based Care Training was provided to 38 participants during 28 – 30 Oct 09.</li> <li>uThungulu World Aids Day Conference was held on 1 December 2009 at Eshowe</li> <li>Funding proposal was made to Fokor and funding of R90 000 received from the same for the HIV/AIDS Programme.</li> <li>Peer Educators Training was conducted from 15 to 19 March 2010 through the Fokor funding initiative.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
					5. Networking session were held on 11 March 2010 to promote healthy living lifestyles to people living with HIV/AIDS 6. A Flagship Strategic Planning Workshop that was facilitated by the Provincial Dept of Health was held from 24 to 26 May 2010. Additional: 1. Programs were finalised utilising donation from Foskop 2. AC Industrial Housing Projects – Drafting of Agreements and finalised Administrative processes 3. DLS Projects – Administrative processes finalised – Drafting of Agreements	
	Crime		Support Crime programmes by making financial or otherwise contributions to requesting organisations.	30 June 2010	1. A Community Safety Forum Workshop was held on 25 September 2009 at uMkhumbane Community Hall, Durban 2. Community Safety Forum Meetings took place on 5 November 2009. 3. Monetary contributions were made to the following organisations in support of their efforts against crime: - BAC - R10 000 - Reaching Out - R30 000 - Zululand Mental Health - R10 000 4. Attended and contributed towards Reaching Out Fundraising Dinner.	
	Ensure support to SALGA KZN games	3.4.3.1	Organise and coordinate the uThungulu District Elimination Games for finalisation by 31 October 2009. Report to Portfolio committee at first sitting after the event.	31 Oct 2009	1. The District Elimination Games were held successfully on 26 September 2009. 2. 4 Sport Planning meetings were held during the financial year.	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
		3.4.3.1	Organise and coordinate participation of the district at the SALGA Provincial Games and submit a report to the Portfolio Committee at the first sitting of the committee after the games.	31 Dec 2009	1. The Kwanaloga/SALGA Games were successfully held from 11 to 15 December 2009 Additional: 1. Commenced with preparation for 2010 Games. Purchased netball kits and booked accommodation venues. 2. Met with KWANALOGA on 14 June 2010 with regards to hosting the event. 3. Congratulatory function for athletes that performed well during the games was held.	
<b>5. Strategic Planning and Departmental Management</b>	Monitor and report on the Performance of Contractors under the control of the Planning and Development Department	5.6	Draft reports and submit bi-annually to the Corporate Services Portfolio Committee on the Performance of Contractors under the control of the Corp Services department. To be reported within 2 months after quarter 1 and 3. The report should highlight actions taken to address undue performance.	30 Jun 2010	1. Quarterly reports were submitted to the Corporate Services Portfolio Committee detailing the performance of contractors under the control of Corporate Services.	Ensure Timeous submission of reports
	Management and staff are kept informed of Council resolutions impacting on the Department and communicate what is expected from them to ensure efficiency of staff.	4.1	Hold monthly meetings with departmental management and keep record of minutes of meetings to communicate with staff and present evidence to Performance evaluation panel	Quarterly to 30 Jun 2010	1. Weekly departmental management meetings were held with staff throughout the financial year.	



## Performance Report - Executive Director Technical Services

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
1. <b>Monitor and control Departmental budget through compliance to legislation</b>	Prepare Departmental budget in line with MFMA requirements	5.1.6	Evaluate the departmental expenditure and prepare submissions for budget shortfall motivation to be tabled during the mid year budget review by 18 January 2010. And draft departmental budget in line with MFMA requirements to be completed by 26 February 2010	18 Jan 2010 26 Feb 2010	1. SDBIP was prepared on time and submitted in August 2009. 2. The Budget review was completed in December 2010 and submitted to ExCo for approval on 21 January 2010.	
	Manage the operational and capital budget for the Technical Services department.	5.1.7	Ensure expenditure on CAPEX within 70% and OPEX within 70% by 30 June 2010 , report quarterly to the Technical Services Portfolio Committee * See table below	Quarterly to 30 June 2010	1. Operational Expenditure: 84% was spent by 30 June 2010. 2. Capital Expenditure: 85% was spent by 30 June 2010.	1. Project commencement delayed due to non-conformance of bidders with the SCM requirements 2. Continuous review of the processes is undertaken for quality systems improvement
	Align the organogram in terms of the HR needs of the Department	5.2.1	Review the organogram to identify relevant positions to ensure the functioning of the Department in terms of the IDP. Report annually to the Corporate Services Portfolio Committee and Exco at the first sitting of the committees after the year end.	Quarterly to 30 June 2010	1. Discussion on the organogram was completed in August 2009. 2. The structure was prepared for absorbing the WSSA function in house. This structure has since been incorporated into the main departmental organogram 3. The total structure was refocused to the technical and professional career progression method to retain skilled technical staff. 4. A new organogram which incorporated the WSSA (O&M) function into the organisational structure was also finalised on 19 April 2010. 5. Cemetery and landfill structure was finalised 6. Reviewed JD for the cemetery staff	

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	Q1	Q2	Q3	Q4
OPEX %	20	40	60	70
CAPEX %	10	30	60	70

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Review the IWMP as per the DEAT guidelines		Ensure completion of the review of the IWMP and do presentations to all 6 municipalities for comments and submit the final document to Council for approval by 30 March 2010. This report should be presented at the first sitting of the Portfolio Committee after the end of each quarter.	30 Mar 2010  Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. The report was completed in December 2009.</li> <li>2. The review was conducted differently from the normal IWMP review required by the legislation, in that it included the down streaming activities and revenue enhancement generation strategies. This was done to improve the ailing revenue of the municipality.</li> <li>3. The target was achieved in the second quarter</li> <li>4. A funding application to DBSA was compiled to implement waste reduction strategy projects</li> </ol>	
	Review the energy sector plan as required by the Department of Minerals and Energy	2.3.1	Complete the review of the Energy Sector Plan and present the document to all 6 municipalities for comments. Submit the final document to Council for approval and adoption by 30 March 2010. This report should be presented at the first sitting of the Portfolio Committee after the end of each quarter	0 Mar 2010  Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. The review of the Energy Sector Plan was completed in December 2009 and the detailed report was submitted to the Technical Services Portfolio Committee.</li> <li>2. The main highlight of the report was the identification and quantification of areas that will only receive electricity in 2020 and beyond. Some of these areas will never receive electricity as they fall outside the ESKOM funding criteria for rural electrification</li> <li>3. Alternative energy technologies have been explored for these areas and form part of the recommendations.</li> </ol>	
	Compilation of the Risk Management Plan for the critical activities of the Department	5.7.2	Ensure the prioritisation of critical activities identified in the Organisational Risk Management Plan and prepare the Departmental Risk Management Plan for those items by 30 June 2010. Submit quarterly progress report to portfolio committee within the month after the quarter end.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. The Departmental Risk Plan assessment was submitted to PriceWaterhouseCoopers in August 2009.</li> <li>2. The recommendations from the Risk Management Plan were monitored and implemented.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
<b>2. Municipal infrastructure implementation</b>	Project feasibility studies for 2009/2010 financial year		Prepare the 2009/2010 and 2010/2011 project business plan as a proactive measure to fast track project implementation. Submit the feasibility studies to the Department of Water Affairs and Forestry (DWAF) and Municipal Infrastructure Grant (MIG) by 30 June 2010 for approval.	Quarterly to 30 Jun 2010	<p>1. The following contracts were awarded to consultants during the financial year:</p> <ul style="list-style-type: none"> <li>- UDM/MIG/11/2008 – ILIFA AFRICA ENG (Upper Nseleni Water Supply Project Phase 3B Zone 4) – 09/07/09</li> <li>- UDM/MIG/10/2008 – ILIFA AFRICA ENG (Upper Nseleni Water Supply Project Phase 3B Zone 3) – 09/07/09</li> <li>- UDM/MIG/01/2009- BJFC CONSULTING ENG (Construction of Graity Water Pipes to Emgosinaneni in the Kwahlokholoko Supply Area) – 09/07/09</li> <li>- UDM/MIG/20/2008 – NORTH COAST WATER &amp; IRRIGATION CC T/A COTTRELL ELECTRO-MECH SERVICES (Greater Mthonjaneni Water Phase 1-2) – 23/09/09</li> <li>- UDM/MIG/21/2008 – NORTH COAST WATER RETICULATION &amp; IRRIGATION CC T/A COTTRELL ELECTRO-MECH SERVICES (Greater Mthonjaneni Water Phase 1-3) – 23/09/09</li> <li>- UDM/04/2008 – ZAI CONSULTANTS* (Nkanda Vutshini SSA 5)</li> <li>- UDM/04/2008 – BKS (Pty) Ltd (Middledfrit SSA 5)</li> <li>- UDM/04/2008 – MAKHETHA DEVELOPMENT CONSULTANTS (Eshowe SSA 1)</li> <li>- UDM.04/2008 – EYETHU ENGINEERS CC (Middeldrift SSA 3)</li> <li>- UDM/04/2008 – BIGGAR ENGINEERING CC (Vutshini Phase 1)</li> <li>- UDM/04/2008 – ILIFA AFRICA ENGINEERS (PTY) LTD (Greater Mthonjaneni SSA 5) - 08/06/10</li> <li>- UDM/04/2008 – ILIFA AFRICA ENGINEERS (PTY) LTD (Greater Mthonjaneni SSA 4) - 08/06/10</li> <li>- UDM/04/2008 – DMV R/BAY (PTY) LTD (Mbonambi SSA 2) - 08/06/10</li> </ul>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
					<ul style="list-style-type: none"> <li>- UDM/04/2008- ERNST CLOETE &amp; ASSOCIATES* (Nkandla Vutshini SSA 5) 02/06/10</li> <li>- UDM/04/2008 – EYETHU ENGINEERS CC (Kwahlo-kohlolo SSA 1) - 10/06/10</li> <li>- UDM/04/2008 – BKS (PTY) LTD (Kwahloko SSA 1) - 10/06/10</li> <li>- UDM/04/2008 – AURECON SA (PTY) LTD (Eshowe SSA 1) - 10/06/10</li> <li>- UDM/04/2008 – SIVEST SA (Middledrift SSA 5) - 10/06/10</li> </ul> <p>*Appointment of ZAI Consulting &amp; Ernst Cloete &amp; Associates for Kwahloko SSA Water projects are contracts originating from uMhlathuze Municipality.</p>	
	Operation and maintenance of Nkandla electricity network (Quality of Electrical Supply and service)	5.4.3.2	Prepare a framework in the form of a letter of intent that will culminate to an SLA for the management of electricity on behalf of Nkandla Municipality by 30 Oct 2009. Project manage the operation and maintenance of electricity through management of service providers appointed for this function. Reports to be submitted quarterly to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter.	30 Oct 2009  Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. Letter of intent as part of the agreement was reached between Nkandla and uThungulu and the SLA was prepared and signed by both parties.</li> <li>2. The Operations and Maintenance function of Nkandla municipality was managed in terms of the SLA.</li> <li>3. All documentation was provided for the smooth hand over of this function to Nkandla.</li> <li>4. All legal contracts were terminated with the Service Providers and Nkandla Municipality were advised on how to meet the legal obligations attached to this function.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
		5.4.3.2	Planned outages to be below national standard (NRS 047) and report quarterly to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter.  Planned outages = 4 Losses to be below 20%	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>11 Outages were reported during the year.</li> <li>5 outages were caused by failure of the ABC system.</li> <li>A vehicle collision knocked down the poles carrying the MV supply in the main road of the town. This resulted in two outages.</li> <li>4 outages was on the part of Eskom.</li> </ol>	<ol style="list-style-type: none"> <li>Function has now been transferred to Nkandla Municipality in terms of the NERSA license directive.</li> </ol>
	Approval of building plans for the three municipalities namely, Ntambanana, Nkandla and Mthonjaneni	4.3.1	Ensure building plan approval is performed on a monthly basis. Maintain a portfolio consisting of building plans submitted and correspondence with the local municipalities. Ensure that the turn around time be limited to 60 days for building plan approval once received by the UDM.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>The turnaround time for building plan approval was maintained on 30 days.</li> <li>7 plans were approved in the second quarter for Nkandla.</li> <li>4 plans were rejected and returned to the applicants with comments.</li> <li>Only 8 plans were approved for Mthonjaneni and 10 were rejected and returned to the applicants with comments.</li> </ol>	
	Implement the MIG programme and ensure that the budget is spent as per the approved business plan		Ensure the commencement of all projects within the MIG annual programme in terms of project management cycle. Report to the MIG unit and DWAF on the financial position of each project on a monthly basis and adjust monthly cash flows.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>The implementation of projects has been guided by the respective approval from WSDP, IDP and Budget</li> </ol>	



Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Implementation of municipal capital projects in line with the departmental approved business plan	5.6.1	Ensure that projects identified in the IDP are implemented according to timeframes in the IDP, completed within budget and that progress reports are completed showing progress and problems encountered. Ensure that they are completed within the timeframes as per the business plan, IDP and budget timelines	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. Feasibility studies and bid documents were finalised for 13 projects under the tanker reduction strategy</li> <li>2. The following projects were completed: <ul style="list-style-type: none"> <li>- Ethafeni Water Project</li> <li>- Kholweni Water Supply</li> <li>- Eshowe Tanker hydrant</li> <li>- Madiyane Borehole</li> <li>- Sqandaqanda Water Project</li> <li>- Isidibha Water Project</li> <li>- Samungu Water</li> </ul> </li> </ol>	
	Monitor and report on the Performance of Contractors under the control of the EDTS Department	5.6.2	Draft and submit quarterly reports to the Technical Services Portfolio Committee on the Performance of Contractors under the control of the EDTS Department. The report should highlight actions to be taken in order to correct undue performance. This report should be presented at the first sitting of the Portfolio Committee after the end of each quarter	Ongoing up to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. 10 contractors were found to have problems with the execution of their contracts in the second quarter and were closely monitored to ensure that projects would not be affected by their underperformance.</li> <li>2. 6 professional consultants showed signs of struggling with their contracts which impacted negatively on some of the projects. Corrective measures were put in place and called for a one on one meetings with affected consultants to address the problems.</li> <li>3. Monitoring criteria for evaluation of service providers was initialised by the Technical Services Department.</li> </ol>	<ol style="list-style-type: none"> <li>1. Monitoring of the criteria will be an ongoing process.</li> </ol>
	Feasibility study for the Amakhosi Traditional Offices	2.4.3	Appoint a consultant to do a feasibility and costing for the construction of Amakhosi Traditional Offices and do all municipal approvals and the EIS. Report progress at the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. This project was put on hold as a result of the National Treasury circular 51 issued in December 2009.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Operation and maintenance of the Regional Solid Waste site in Empangeni	2.4.3	Maintain the existing cell (cell 1) of the Solid Waste Site in order to ensure effective operation of the site. Ensure that instances of violation of permit conditions are minimised. Conduct monthly meetings with the Solid Waste Site operators, Millennium waste.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. The site received 108 million kg of solid waste for 2009/2010 financial year.</li> <li>2. The old site was closed down in March 2010.</li> <li>3. The detailed report was tabled at the Technical Services Portfolio Committee on 20 April 2010 (Udmts: 251)</li> <li>4. The operation plan to manage the site inhouse was done and completed in May 2010.</li> <li>5. The site is now operated and managed by the technical department in terms of the permit conditions.</li> <li>6. Good communication was established with SAPS with regards to dealing with the scavengers.</li> </ol>	
	Construction of Cell 2 of the Regional Landfill Site	2.4.3	Ensure completion of the construction of Cell 2 of the regional solid waste site at Empangeni by end of December 2010. Compile a close out financial report to reflect all variation orders to be submitted to BAC at the end of the project	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. The site was officially opened on 14 March 2010.</li> <li>2. The project is now in the maintenance stage where the contractor is still being held responsible for construction related defects.</li> </ol>	
	UThungulu House upgrade	5.0	Coordinate and facilitate all the building activities ensuring that the completion date (March 2010) is met all building standards and regulations are met. Submit quarterly report to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter. The report should detail the following points: - Financial / budgetary matters	Quarterly to 30 Mar 2010	<ol style="list-style-type: none"> <li>1. Completion of the renovations to the uThungulu House was completed on the 10 December 2009.</li> <li>2. Ordinary occupation was affected on 17 December, as scheduled.</li> <li>3. A number of activities were approved on variation orders. These activities included the skirtings and IT required cables.</li> <li>4. The replacement of slates by the double Roman tiles was not envisaged but was done to ensure that the roof was not subjected to leaks.</li> <li>5. The building was officially opened on 14 April 2010.</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
			<ul style="list-style-type: none"> <li>- Project progress</li> <li>- Resource utilisation</li> <li>- Any deviations from the OSH Act and building regulations</li> </ul>			
	Construction of Phase 2 of the Regional Cemetery	2.4.3	Design, tender and commence with the first section of Phase 2 which include survey works and bush clearing and access to the site by 30 June 2010. Submit quarterly progress report to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. Designs were completed in the first quarter</li> <li>2. The tender was advertised in December 2009, as per the business plan.</li> <li>3. Delays were experienced due to the contractor failing to meet the contractual obligations and thus the contract was cancelled.</li> <li>4. Umkhumbi Plant Hire &amp; Civils was appointed on 28 June 2010 to complete the project.</li> </ol>	
<b>3. Water Service Authority</b>	Review of the WSDP as required by the Water Services Act	2.2.1	Ensure completion of the update of annual targets and backlogs and review the project priority lists and cash flows and report progress quarterly to the Technical Services Portfolio Committee by 30 June 2010.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. The Water Services Development Plan was aligned to the strategic objectives of the municipality.</li> <li>2. The backlog figure was reviewed and updated to reflect the actual status on water services delivery in the district.</li> <li>3. Future projections on cost for capital projects including bulk water supply and reticulation were finalised.</li> <li>4. The recommendations of WSDP were implemented in terms of the IDP.</li> <li>5. A 3-Year Plan was drafted and submitted to the Technical Services Portfolio Committee on 20 July 2010.</li> </ol>	
	Update Water Services Master Plan to capture and reflect the correct picture regarding the backlog challenges and the achievements	2.2.1	Ensure the comprehensive update of the Water Services master plan to reflect the true backlog picture, and submit report to the Technical Services Portfolio Committee by the 30 June 2010.	30 Jun 2010	<ol style="list-style-type: none"> <li>1. uThungulu was subdivided into seven practical areas for bulk water supply.</li> <li>2. The areas that will not receive piped water over the next five years were identified</li> <li>3. An alternative plan, including the Borehole plan for the supply of specific areas as mentioned above, was prepared for funding purposes.</li> <li>4. Tanker routes were identified</li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
					<p>and aligned to the planned schemes where possible. Where no piped water schemes were planned for such routes, these routes were included in the bore hole plan.</p> <p>5. The recommendations of Master Plan were implemented of in terms of the IDP</p> <p>6. A 3-Year Plan was drafted and submitted to the Technical Services Portfolio Committee on 20 July 2010.</p>	
	Compilation and submission of the consolidated Infrastructural Plan (CIP)	2.2.1	Update the District CIP and ensure submission to MIG Planning Unit and other relevant departments by 30 Jun 2010. Submit quarterly progress report to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter	Quarterly to 30 Jun 2010	<p>1. The CIP information was compiled and submitted to Africon on 22 October 2009</p> <p>2. The comments were attended to in December 2009.</p> <p>3. The Technical Services Department is still awaiting a final response from the National Department.</p>	<p>1. All reports were submitted.</p> <p>2. Awaiting feedback from DCoGTA.</p>
	Annual harbour week	2.2.3.3	Align the municipal activities related to harbour week inline with the Sector Departments plan by September 2009 and report to the Technical Services Portfolio Committee at the first sitting of the committee after the event.	20 Sep 2009	<p>1. Harbour Day took place on 07 September 2009.</p> <p>2. An item was submitted to the Technical Services Portfolio Committee on 20 October 2009 detailing the events of the day.</p>	
	Align the Water Week plans with DWAF requirements	2.2.3.2	Ensure that the municipal activities (celebrations) related to the water week in April 2010 are in line with DWAF requirements. Report to the Technical Services Portfolio Committee at the	30 Apr 2010	<p>1. The Wetland celebration was held from 04 to 24 February 2010 as part of the water week celebration.</p> <p>2. The River Health celebration was cancelled by DWA.</p>	<p>1. The River Health celebration was cancelled by DWA due to budget constraints.</p> <p>2. Regular communication with the department will be established to</p>

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
			first sitting of the committee after the event. The report should include Financial / budgetary matters.			confirm the continuation of the celebration in 2010/2011.
	Community participation on water services and communicate the annual approved projects and backlog eradication programme	2.2.3.1	Facilitate 2 rounds of 6 Public Participation sessions and report back to the Portfolio Committee by 31 March 2010. 6 sessions in November 2009 and 6 sessions in March / April 2010.	Quarterly to 30 Jun 2010	1. All planned roadshows were attended and water services presentations were done by the Executive Director Technical Services.	
	Support ward councilors by attending water services related meetings	2.2.3.2	Conduct community meetings on the request of ward councilors and ensure that water services information is related to the communities. Report to the Technical Services Portfolio Committee at the first sitting of the committee after such meetings.	Ongoing up to 30 Jun 2010	1. 94 meetings were held throughout the district with local communities to ensure that water services information is conveyed to the public.	
	Manage and co-ordinate water service Call Centre activities	2.1.6	Ensure the management of a 24/7 customer call/ complaint centre for water services and a disaster management call centre by reviewing the call logs and follow up of long outstanding logs and ensure reporting quarterly to the Community Services Portfolio Committee within a month after the quarter end.	Quarterly to 30 Jun 2010	1. Over 2200 calls were received related to the functioning of existing projects. 2. Calls from the presidential hotline were investigated and attended to.	



Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
<b>4. Water Services Operations and Maintenance</b>	Minimize disruption on water service infrastructure	2.1.3	Reduce water losses to 20% in all the towns and ensure improvement on down time for repair and planned maintenance and report quarterly on disruption in water supply to the Technical Services Portfolio Committee. Submit quarterly water loss reconciliations to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. A water loss audit took place in Nkandla and Eshowe.</li> <li>2. Corrective actions were implemented, which included a total water analysis of the Nkandla Bulk Water supply scheme.</li> </ol>	<ol style="list-style-type: none"> <li>1. This will be an ongoing, multi-year activity.</li> <li>2. Problematic areas are being closely monitored.</li> </ol>
	Manage and provide strict controls on the activities of the Service Support Agent (SSA) for Water services O&M as part of the budget control measures	5.1	Ensure management and control measure for the material and routine repairs to maintain costs within budget, quarterly report to portfolio committee at first portfolio committee meeting after quarter end (daily complaints reports, weekly operational meetings, monthly meetings with SSA, Monthly meter readings.)	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. Site supervision of WSSA was tightened through a number of systems that were developed by the Technical Department</li> <li>2. Scheme operators were required to walk the pipe routes frequently to check for any leaks.</li> <li>3. These operators were required to complete the inspection checklist as they walk these routes.</li> <li>4. Bi-weekly meetings were with WSSA to deal with all operational problems, complaints and water requests from Councilors and community members</li> <li>5. This system was also used internally to monitor the work from uMlalazi staff</li> <li>6. Complaint registers were developed for critical schemes such as Middledrift, Ekuphumuleni and Nkandla.</li> <li>7. The following was instructed to procure loud hailers to inform communities of water problems: <ul style="list-style-type: none"> <li>- Ekuphumuleni</li> <li>- KDS Township</li> <li>- Nkandla Town</li> <li>- Mpungose North (Nkandla)</li> <li>- Mpungose water Supply</li> <li>- uMlalazi</li> </ul> </li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
					<ul style="list-style-type: none"> <li>- Hlokhloko</li> <li>- Ophindweni</li> </ul> <ol style="list-style-type: none"> <li>Monthly management meetings were held to monitor the performance of WSSA in terms of the conditions of the contract.</li> <li>Boreholes were monitored and repaired timeously when reported.</li> <li>As part of quality assurance, the Technical Department visited every problematic ward on request by the ward Councillor to discuss water issues with the affected communities</li> </ol>	
	Implementation of the tanker reduction strategy	2.1.4.1	Prepare project feasibility studies for areas with water potential that are currently serviced by tankers. Implement recommendations from the tanker reduction strategy according to available budget and ensure that tankers are reduced / removed from areas once the strategy has been implemented. Submit quarterly progress report to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>17 small projects were identified through this initiative.</li> <li>These projects were intended to assist communities in the short to medium term whilst waiting for the piped water from the regional schemes.</li> <li>The impact of these projects was realised through the decreasing costs on the water tanker project in the month of December 2009.</li> <li>The following projects are under construction: <ul style="list-style-type: none"> <li>- 10 projects at Nkandla</li> <li>- 7 projects at uMlalazi</li> <li>- 4 projects at Mfolozi</li> <li>- 4 projects at Mthonjaneni</li> </ul> </li> <li>The following projects are under investigation: <ul style="list-style-type: none"> <li>- 13 Nkandla</li> <li>- 11 Mfolozi</li> <li>- 6 uMlalazi</li> <li>- 6 Ntambanana</li> <li>- 1 Mthonjaneni</li> </ul> </li> </ol>	
	Rural water meter installations	2.1.3.3	Facilitate the installation of water meters in the approved projects as per WSA and Consumer Billing directive. Report quarterly on water connections done to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>The following meter installations took place in the district: <ul style="list-style-type: none"> <li>Nzalabantu – 1348 meters</li> <li>Upper Nseleni – 920 meters</li> <li>Greater Mthonjaneni – 111 meters</li> <li>Mhlana 3B Extension – 148 meters</li> </ul> </li> </ol>	

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
			quarter.  Targeted projects 5 Planned meters 1000			
	Maintenance of rural water schemes	2.1.5	<p>Create and implement water scheme daily inspection forms.</p> <p>Review call centre reports on a weekly basis and follow up on outstanding issues</p> <p>Review water meter readings on a monthly basis.</p> <p>Report quarterly to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter.</p> <p>The report should also compare complaints received via the call centre to repairs effected / complaints resolved.</p>	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. Bi-weekly operations meetings were held with the service provider to attend to scheme performance issues.</li> <li>2. Persisting scheme failures were discussed and resolutions were taken in terms of the interventions required.</li> <li>3. Water tankers were discussed and allocated per high impact area based on the population served and schools, hospitals and clinics affected by the failed scheme.</li> <li>4. Call centre reports were discussed and samples of complaints were taken for verification by the technicians</li> <li>5. Communication was improved through the introduction of loud hailer and scheme failure reporting forms situated within the communities.</li> </ol>	
	Water tanker management	2.1.4.1	<p>Process and manage water tanker requests. Identify schemes with drying sources and prioritise them for alternative sources including boreholes and tankers. Report quarterly to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter.</p>	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. Supplied water to 483 jojo tanks</li> <li>2. Supplemented water to 27 reservoirs of ailing schemes</li> <li>3. Maintained the number of water tankers to 25 and optimised the supply output as more tanks were filled.</li> <li>4. The supply to private customers was dually managed.</li> <li>5. Over 400 million litres were delivered to communities via water tankers</li> </ol>	<ol style="list-style-type: none"> <li>1. Nil, however more focus is now directed to the tanker reduction interventions due to high cost associated with this operation.</li> </ol>

Key Performance Area	Key Performance Indicators	IDP	Performance Targets	Target Date	Annual Achievement	Planned Measures for Improvement
	Maintain Reservoir capacities	2.1.5	Maintain all reservoirs at 80% capacity. Report quarterly to the Technical Services Portfolio Committee at the first sitting of the committee after the end of each quarter.	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. Monitored the reservoir levels through visual inspections and water meter readings to determine the amount of water supplied per day.</li> <li>2. Water balancing was at the Eshowe water works to ensure that whilst water was pumped to rural areas, the town did not suffer when problems arose related to electricity failure and pipe burst within the town.</li> <li>3. Bulk water meters were read monthly and analysed by the OPS section for any major variances</li> <li>4. Variances identified through readings assisted in directing further actions to be taken to improve service delivery</li> </ol>	
	Monitor Quality Control of potable water, wastewater, effluent and trade effluent	2.1.3	<p>Ensure that 80% of schemes are analysed and that 80% of this sample pass the test in terms of water quality as per DWAF regulations and SABS 241.</p> <p>Submit results for the blue drop and green drop status verification annually to DWAF.</p> <p>Report quarterly to the Technical Services Portfolio Committee at the first sitting after the end of each quarter.</p>	Quarterly to 30 Jun 2010	<ol style="list-style-type: none"> <li>1. Water samples were taken monthly to confirm water quality and compliance.</li> <li>2. Water quality averaged between 70% and 80% with most failure experienced in November and December due to continuous rain received in this period.</li> <li>3. Continuous investigations were conducted by the Design Section to improve water quality on problematic schemes.</li> <li>4. Skills assessments of operators for grading purposes were conducted.</li> <li>5. Conditional plant assessments were completed and items were scheduled to be attended to.</li> <li>6. Ongoing attendance to critical problem areas was conducted during the year.</li> <li>7. Water quality and effluent quality were improved during the 2009/2010 financial year.</li> <li>8. 98% Blue Drop compliant</li> <li>9. Water scheme were 53% Green Drop compliant.</li> </ol>	<ol style="list-style-type: none"> <li>1. Priority has been placed in the Blue and Green Drop compliance and plans have been developed to improve the current results</li> </ol>

## Uthungulu District Municipality Annual Performance Report

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/ Output	Performance Measure/ Indicator	2008/2009		Annual Perf. Report		Planned Measures For Improvement
					Target	Actual	Target	Actual	
2.1	Basic Service Delivery And Infrastructure	Access to Water	Households with access to basic water	Number of Households	68815	68815	72,256	76,537	
2.1			New Water Connections	Number of new connections			3,441	4,281	
2.1.3.3			Rural water meter installations	Number of meters			1,000	2,527	
2.1		Access to Sanitation	Households with access to basic sanitation	Number of Households	68346	68446	73,987	75,940	
2.1			New sanitation connections	Number of new connections			3,700	6,500	
2.4.3		Access to Solid Waste	Construct Regional Landfill Site (Cell 2)	Date completed			31 Dec 2009	14 Mar 2010	
2.3		Access To Electricity	Households with access to electricity	Number of Households	978	971	978	971	
2.3			New Electrical Connections	Number of new connections			7	0	
2.1		Free Basic Services	Households with access to free basic water	Number of Households	68,815	13,241	82,056	82,056	
2.1			Households with access to free basic sanitation	Number of Households	56,346	59,763	63,351	63,351	
2.3			Households with access to free electricity	Number of Households	790	790	790	790	
5.2.1	Institutional Development & Transformation	Human Resources Management	Annual Approved Workplace Skills Plan	Date			30 June 2010	28 June 2010	
5.2.1			Budget Spent on Workplace Skills Plan	R Value	660,000	567,437	1,464,700	1,252,813	
5.2.1			Approved organogram for Technical Department	Date of approval			30 June 2010	19 April 2010	
5.2.1			Levels of black staff employed in management	Number of black staff		7	7	6	



IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/ Output	Performance Measure/ Indicator	2008/2009		Annual Perf. Report		Planned Measures For Improvement
					Target	Actual	Target	Actual	
5.2.1			Women employed by the municipality	Number of women		97	97	111	
5.2.1			Youth employed by the municipality	Number of youth		86	86	88	
5.2.1			Disabled staff employed by the municipality	Number of staff		3	3	3	
4.1.2		Batho Pele Principles	Community Surveys conducted	Number of surveys	2	2	2	2	
5.6.1		Performance Management Systems	S57 Performance Agreements	Number of agreements			5	5	
5.6.2			Annual Performance Report	Date approved			31 Jan 2010	15 Dec 2009	
5.3.1		Administrative Services	Secretariat services to Council, Committees and Manco	Number of meetings			47	84	
4.1.1		Integrated development and environmental planning	IDP Review	Date of approval			31 Mar 2010	25 Mar 2010	
1.1	Local Economic Development	Economic growth	Targeted spend achieved	Percentage Achieved			100%	100%	
1.1.2		Development of Prioritised Groups	Capacity Building Initiatives undertaken	Number of Initiatives			5	5	
5.8.1		Special Projects	Special projects planned	Number of projects			1	1	
5.8.1			uMhlathuze Training Stadium phase 1	Date completed			31 May 2010	31 May 2010	
1.1.2.5		Promotion of Local Economy	Jobs created through the municipality's LED initiatives	Number of jobs			187	187	
1.1.2.5			Jobs created through the municipality's Capital Projects	Number of jobs			249	249	

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/ Output	Performance Measure/ Indicator	2008/2009		Annual Perf. Report		Planned Measures For Improvement
					Target	Actual	Target	Actual	
1.2.4		Tourism Enhancement	Tourism projects implemented	Progress reports			4	4	
5.6.2	Good Governance	Community Awareness	Roadshows and Imbizo's	Number of Road shows/ Imbizo's	12	12	12	12	
5.4.1			uKhozi FM radio broadcasts	Number of broadcasts			12	12	
5.6.2		Public Participation	Public meetings	Number of meetings			122	122	
5.6.2		Stakeholder Liaison	Stakeholder meetings	Number of meetings			16	16	
5.7.4		Policy Development and reviews	Compliance with all legal prescripts	Percentage of compliance			100%	100%	
5.6.2		Internal Audit Activity	Audit Committee	Number of meetings			4	4	
5.6.2			Performance Audit Committee	Number of meetings			4	4	
5.6.2			Response to internal audit queries	Number of days to respond			Within 30 days	Within 30 days	
3.5.1		Disaster Management	Disaster Management Plan	Date of review			30 Jun 2010	In process	uThungulu Disaster Management Plan can only be drafted once the local municipalities have completed their various disaster management plans.
3.5.3			Disaster Planning workshops with major stakeholders	Number of meetings			2	4	
3.3.1		Anti-Corruption Strategy	Anti Corruption Strategy/Fraud Prevention Strategy	Implementation of recommendations			100%	100%	

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/ Output	Performance Measure/ Indicator	2008/2009		Annual Perf. Report		Planned Measures For Improvement
					Target	Actual	Target	Actual	
5.5		Shared Services	Shared Services: Planning and Development	Implementation of business plan for year 2			100%	100%	
5.1.3.1	Financial Viability & Management	Revenue Enhancement	Cash collected from customers	R value of revenue collected			30,916,000	29,485,668	
5.1.3.1			Amount invoiced/billed to customers	R value of invoices raised			30,916,000	33,604,153	
5.1		Financial management	Debt service payments	R value			14,364,167	13,200,770	
5.1			Total revenue received from grants and subsidies	R value			128,064,976	128,064,976	
5.1			Total of grants and subsidies spent	Percentage spent			100%	96%	
5.1.4		Budgeting and reporting	Total operating budget	R value	411,635,533	321,738,880	434,318,024	396,585,242	
5.1.4.2			Total Salaries and Wages budget (including benefits)	R value	75,326,596	66,180,019	91,560,931	77,089,266	
5.1.7			Compliance with MFMA requirements	Percentage compliance	100%	99%	100%	95%	
5.1.4		Expenditure control	Total operating expenditure	R value	411,635,533	321,738,880	434,318,024	396,585,242	
3.1.3	Community and Social Services	Social Services	Environmental health services	Quarterly consolidated reports			4	4	
3.7			HIV/AIDS Strategy	Yes/No	Yes	Yes	Yes	Yes	
3.5.4			Fire and emergency services	Quarterly reports			4	4	

IDP Indicator No.	National KPA	Strategic Objective	Measurable Objective/ Output	Performance Measure/ Indicator	2008/2009		Annual Perf. Report		Planned Measures For Improvement
					Target	Actual	Target	Actual	
2.5		Community Services	Regional Cemetery and Crematoria Phase 2	Date completed			30 Jun 2010	In process	Due to non-performance by the initial contractor, a new contractor had to be appointed. Project to be completed in 2010/2011 financial year.
3.4.3.1		Sport and Recreation	District Elimination Games	Date of event			15 Dec 2009	11-15 Dec 2009	
3.6.1.1		Support to Marginalised Groups	Woman's Day Workshop	Date of event			30 Oct 2009	10 Jan 2010	
3.6.1.2			Youth day celebrations	Date of event			16 Jun 2009	16 Jun 2009	
3.6.1.3			Disability forum	Number of meetings attended			1	2	

# UTHUNGULU



uThungulu District Municipality  
uThungulu Distrik Munisipaliteit  
uMasipala Wesifunda Waso Thungulu

## Consolidated Annual Financial Statements

for the year ended 30 June 2010



**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**GENERAL INFORMATION**

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<b>Nature of business and principal activities</b>	Municipality
<b>Chief Financial Officer (CFO)</b>	C Staniland
<b>Accounting Officer</b>	BB Biyela
<b>Registered Office</b>	Mangosuthu Buthelezi House Krugerrand, CBD RICHARDS BAY
<b>Business address</b>	Mangosuthu Buthelezi House Krugerrand, CBD RICHARDS BAY
<b>Postal address</b>	Private Bag X1025 RICHARDS BAY
<b>Bankers</b>	Nedbank Limited
<b>Auditors</b>	Auditor General of South Africa (AGSA)

**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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### **Abbreviations**

SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

# **AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL ON uTHUNGULU DISTRICT MUNICIPALITY**

## **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Introduction**

1. I have audited the accompanying consolidated financial statements of the uThungulu District Municipality, which comprise the consolidated and separate statement of financial position as at 30 June 2010, the consolidated and separate statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 97 to 137.

### **Accounting officer's responsibility for the consolidated financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2009 (Act No. 12 of 2009) (DoRA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor-General's responsibility**

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

7. In my opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of uThungulu District Municipality as at 30 June 2010, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with Standards of GRAP and the manner required by the MFMA and DoRA.

### **Additional matter**

8. I draw attention to the matter below. My opinion is not modified in respect of this matter:

### **Unaudited supplementary schedules**

9. The supplementary information set out on pages 138 to 147 do not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

10. As required by the PAA and in terms of General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations: Local Government: Municipal Finance Management Act of

South Africa, 2003 (Act No. 56 of 2003), Local Government: Municipal Systems Act of South Africa, 2000 (Act No. 32 of 2000), Municipal Planning and Performance Management Regulations, 2001 and financial management (internal control).

#### **Predetermined objectives**

#### **Non compliance with regulatory and reporting requirements**

#### **Local Government: Municipal Systems Act**

11. Planned measures for improved performance were not reported in the performance report as required by section 46(1)(c) of the MSA.

#### **Internal audit of predetermined objectives**

12. Predetermined objectives for the municipality were not subjected to internal audit as required by section 45 of the MSA.

#### **Usefulness of reported performance information**

13. The following criteria were used to assess the usefulness of the planned and reported performance:

- Consistency: Has the municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated development plan, i.e. are the objectives, indicators and targets consistent between planning and reporting documents?
- Relevance: Is there a clear and logical link between the objectives, outcomes, outputs, indicators and performance targets?
- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit finding relates to the above criteria:

#### **Inadequate content of integrated development plan**

14. The integrated development plan of the municipality did not include the performance targets determined in terms of its performance management system, as required by sections 26(i) read with section 41 of the MSA and regulation 12 of the Municipal Planning and Performance Management Regulations, 2001.

#### **Compliance with laws and regulations**

#### **Local Government: Municipal Systems Act**

#### **Declarations by councillors**

15. Contrary to the code of conduct for councillors as per schedule 1, section 5 (a) of the MSA, certain councillors did not disclose to the municipal council, to any committee of which that councillor is a member, all direct or indirect personal or private business that that councillor or any spouse, partner or business associate of that councillor may have had in any matter before council or the committee.

#### **Local Government: Municipal Finance Management Act**

#### **Municipal entities**

16. Contrary to section 178(2) of the MFMA, where the municipality or a municipal entity under its sole or shared control has an interest, the municipality did not specify to the National Treasury, within 3 months of the date on which this section had taken effect, details specifying the name and address of the corporate entity; the purpose, extent and other particulars of the interest; if such corporate entity is a municipal entity, whether the entity is under the sole or shared control of the municipality; and any such information as may be required by the National Treasury.

#### **Internal Control**

17. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives as well as compliance with the MFMA and the MSA, but not for the purpose of expressing an opinion on the effectiveness of internal control.
18. The matters reported are limited to the deficiencies regarding the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

### **Financial and performance management**

19. Pertinent information was not identified and captured in a form to support financial and performance reporting. The financial statements and performance information were subject to material amendments resulting from the audit.

### **Governance**

20. The internal audit processes and procedures did not include an assessment of the functionality of the organisational performance management system and whether the system complied with the requirements of the MSA.

*Auditor General*

Pietermaritzburg

22 December 2010



**AUDITOR-GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*



**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010  
**STATEMENT OF MUNICIPAL MANAGER'S RESPONSIBILITY**

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I am responsible for the presentation of these consolidated annual financial statements, which are set out on pages 97 to 147, in terms of Section 126(1) of the Municipal Finance Management Act (Act no 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as discussed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government determination in accordance with this Act.



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**BB Biyela**  
**Accounting Officer**

**Richards Bay**  
**06 December 2010**

**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**STATEMENT OF FINANCIAL POSITION**

Figures in Rand	Note	Group 2010	Group 2009 Restated	Municipality 2010	Municipality 2009 Restated
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	2	8 403 060	9 717 001	8 403 060	9 717 001
Consumer debtors	3	14 539 764	10 644 705	14 539 764	10 644 705
Other debtors	4	13 219 505	6 440 248	13 219 505	6 440 248
Current portion of long-term receivables	5	221 000	75 975	221 000	75 975
VAT receivable	6	4 349 704	25 970 120	4 349 704	25 970 120
Cash and cash equivalents	7	263 613 568	287 282 625	262 081 197	286 626 937
		<b>304 346 601</b>	<b>340 130 674</b>	<b>302 814 230</b>	<b>339 474 986</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	8	578 209 853	451 300 989	578 209 853	451 300 989
Intangible assets	9	62 620	357 234	62 620	357 234
Investments in municipal entities	10	-	-	24 841 061	22 818 786
Long-term receivables	5	671 506	910 720	671 506	910 720
Investments	11	18 804 415	16 838 383	18 804 415	16 838 383
		<b>597 748 394</b>	<b>469 407 326</b>	<b>622 589 455</b>	<b>492 226 112</b>
<b>Total Assets</b>		<b>902 094 995</b>	<b>809 538 000</b>	<b>925 403 685</b>	<b>831 701 098</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Current portion of long-term liabilities	12	2 281 555	885 959	6 584 287	4 660 258
Trade and other payables from exchange transactions	13	71 494 011	46 367 757	71 494 008	46 358 696
Consumer deposits	14	6 242 602	5 764 455	6 242 602	5 764 455
Defined benefit obligation	15	178 885	460 582	178 885	460 582
Unspent conditional grants and receipts	16	78 026 959	141 357 509	78 026 959	141 357 509
Current provisions	17	710 363	710 363	710 363	710 363
		<b>158 934 375</b>	<b>195 546 625</b>	<b>163 237 104</b>	<b>199 311 863</b>
<b>Non-Current Liabilities</b>					
Long-term liabilities	12	91 894 540	49 418 154	111 087 363	67 978 782
Defined benefit obligation	15	9 416 128	9 552 475	9 416 129	9 552 475
Non-current provisions	17	60 914 211	57 804 231	60 914 211	57 804 231
		<b>162 224 879</b>	<b>116 774 860</b>	<b>181 417 703</b>	<b>135 335 488</b>
		<b>321 159 254</b>	<b>312 321 485</b>	<b>344 654 807</b>	<b>334 647 351</b>
<b>Total Liabilities</b>		<b>902 094 995</b>	<b>809 538 000</b>	<b>925 403 685</b>	<b>831 701 098</b>
<b>Net Assets</b>		<b>(321 159 254)</b>	<b>(312 321 485)</b>	<b>(344 654 807)</b>	<b>(334 647 351)</b>
<b>Net Assets</b>		<b>580 935 741</b>	<b>497 216 515</b>	<b>580 748 878</b>	<b>497 053 747</b>
Accumulated Surplus		580 748 877	497 053 746	580 748 878	497 053 747
Outside Partners Interest		186 864	162 769	-	-
		<b>580 935 741</b>	<b>497 216 515</b>	<b>580 748 878</b>	<b>497 053 747</b>

**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**STATEMENT OF FINANCIAL PERFORMANCE**

Figures in Rand	Note	Group		Municipality	
		2010	2009 Restated	2010	2009 Restated
<b>Revenue</b>					
Service charges	18	32 876 680	33 466 731	32 876 680	33 466 730
Levies	19	-	662 002	-	662 002
Government grants & subsidies	20	407 502 708	321 885 999	407 502 708	321 885 999
Rental income		47 000	48 300	47 000	48 300
Defined benefits		1 011 471	-	1 011 471	-
Other income	21	5 725 406	13 530 591	11 302 606	18 316 957
Interest received	22	26 546 467	36 358 888	26 546 467	36 358 888
<b>Total Revenue</b>		<b>473 709 732</b>	<b>405 952 511</b>	<b>479 286 932</b>	<b>410 738 876</b>
<b>Expenditure</b>					
Employee related costs	23	72 685 524	61 158 547	72 685 524	61 158 547
Remuneration of councillors	24	5 415 213	5 021 472	5 415 213	5 021 472
Debt impairment		3 153 541	7 481 448	3 153 541	7 481 448
Depreciation and amortisation	25	23 322 675	17 977 720	23 322 675	17 977 720
Repairs and maintenance		32 884 655	31 130 327	32 884 655	31 130 327
Finance costs	26	8 083 313	2 865 034	9 243 940	8 118 322
Bulk purchases	27	18 357 262	16 537 993	18 357 262	16 537 993
Contracted services		68 076 540	42 413 868	68 076 540	42 413 868
Grants and subsidies paid	28	3 475 690	1 831 924	3 475 690	1 831 924
General expenses	29	153 433 801	135 462 170	157 876 242	135 462 170
<b>Total expenditure</b>		<b>(388 888 214)</b>	<b>(321 880 503)</b>	<b>(394 491 282)</b>	<b>(327 133 791)</b>
Loss on disposal of property, plant and equipment		(978 902)	(220 850)	(978 902)	(220 850)
Fair value adjustment in respect of partnership		-	-	-	447 054
<b>Surplus for the year</b>		<b>83 842 616</b>	<b>83 851 158</b>	<b>83 816 748</b>	<b>83 831 289</b>
Outside Shareholders' interest		(25 868)	(22 312)	-	-
<b>Surplus for the year attributable to uThungulu</b>		<b>83 816 748</b>	<b>83 828 846</b>	<b>83 816 748</b>	<b>83 831 289</b>

**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**STATEMENT OF CHANGES IN NET ASSETS**

Figures in Rand	Note	Accumulated surplus	Outside Partners Interest	Total
<b>Group</b>				
<b>Balance at 01 July 2008</b>		<b>418 606 051</b>	<b>158 353</b>	<b>418 764 404</b>
<i>Changes in net assets</i>				
Surplus for the year - restated (refer to note 39)		83 828 846	22 312	83 851 158
Distribution by partnership		-	(17 896)	(17 896)
Initial recognition of post retirement obligation		(6 062 886)	-	(6 062 886)
Recognition of long service awards		(919 959)	-	(919 959)
Reversal of prescribed retention held		543 060	-	543 060
Change in accounting policy		(8 608)	-	(8 608)
State cheques reversed		1 067 242	-	1 067 242
		<u>78 447 695</u>	<u>4 416</u>	<u>78 452 111</u>
Opening balance as previously reported		490 501 712	162 769	490 664 481
<i>Adjustments</i>				
Transferred assets measured - (Refer to note 39)		6 552 035	-	6 552 035
<b>Balance as at 30 June 2009</b>		<b>497 053 746</b>	<b>162 769</b>	<b>497 216 515</b>
<i>Changes in net assets</i>				
Surplus for the year		83 816 748	25 868	83 842 616
Distribution by partnership		-	(1 773)	(1 773)
Changes in accounting estimates		(121 617)	-	(121 617)
		<u>83 695 131</u>	<u>24 095</u>	<u>83 719 226</u>
<b>Balance as at 30 June 2010</b>		<b>580 748 877</b>	<b>186 864</b>	<b>580 935 741</b>
<b>Municipality</b>				
<b>Balance at 01 July 2008</b>		<b>418 606 151</b>	<b>-</b>	<b>418 606 151</b>
<i>Changes in net assets</i>				
Surplus for the year - restated (refer to note 39)		83 831 289	-	83 831 289
Initial recognition of post retirement obligation		(6 062 886)	-	(6 062 886)
Recognition of long service awards		(919 959)	-	(919 959)
Reversal of prescribed retention held		543 060	-	543 060
Change in accounting policy		(8 607)	-	(8 607)
State cheques reversed		1 064 699	-	1 064 699
		<u>78 447 596</u>	<u>-</u>	<u>78 447 596</u>
Opening balance as previously reported		490 501 712	-	490 501 712
<i>Adjustments</i>				
Transferred assets measured - (Refer to note 39)		6 552 035	-	6 552 035
<b>Balance at 01 July 2009 as restated</b>		<b>497 053 747</b>	<b>-</b>	<b>497 053 747</b>
<i>Changes in net assets</i>				
Surplus for the year		83 816 748	-	83 816 748
Changes in accounting estimates		(121 617)	-	(121 617)
		<u>83 695 131</u>	<u>-</u>	<u>83 695 131</u>
<b>Balance as at 30 June 2010</b>		<b>580 748 878</b>	<b>-</b>	<b>580 748 878</b>

**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**CASH FLOW STATEMENT**

Figures in Rand	Note	Group 2010	Group 2009 Restated	Municipality 2010	Municipality 2009 Restated
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Receipts from consumers		27 853 156	45 314 299	33 430 356	45 314 299
Grants		344 172 159	321 885 999	344 172 159	321 885 999
Interest income		26 546 467	36 358 888	26 546 467	36 358 888
		<u>398 571 782</u>	<u>403 559 186</u>	<u>404 148 982</u>	<u>403 559 186</u>
<b>Payments</b>					
Employee costs		(78 100 737)	(65 049 393)	(78 100 737)	(65 049 393)
Suppliers		(227 141 100)	(191 130 571)	(231 572 707)	(191 130 571)
Finance costs		(8 083 313)	(8 118 322)	(9 243 940)	(8 118 322)
		<u>(313 325 150)</u>	<u>(264 298 286)</u>	<u>(318 917 384)</u>	<u>(264 298 286)</u>
<b>Net cash flows from operating activities</b>	<b>30</b>	<b><u>85 246 632</u></b>	<b><u>139 260 900</u></b>	<b><u>85 231 598</u></b>	<b><u>139 260 900</u></b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	8	(150 616 590)	(121 860 671)	(150 616 590)	(121 860 671)
Purchase of intangible assets	9	-	(15 674)	-	(15 674)
Movement in investments		-	-	(2 022 275)	-
Increase in non-current investments		(1 966 032)	(2 756 190)	(1 966 032)	(2 756 190)
Cash and cash equivalents of municipal entity		-	66 910	-	-
Decrease in non-current receivables		94 189	628 729	94 189	628 729
Reversal of impairment		(299 237)	-	(299 237)	-
<b>Net cash from investing activities</b>		<b><u>(152 787 670)</u></b>	<b><u>(123 936 896)</u></b>	<b><u>(154 809 945)</u></b>	<b><u>(124 003 806)</u></b>
<b>Cash flows from financing activities</b>					
Net movement in other financial liabilities		43 871 982	30 684 481	45 032 610	30 684 481
<b>Net cash from financing activities</b>		<b><u>43 871 982</u></b>	<b><u>30 684 481</u></b>	<b><u>45 032 610</u></b>	<b><u>30 684 481</u></b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b><u>(23 669 056)</u></b>	<b><u>46 008 485</u></b>	<b><u>(24 545 737)</u></b>	<b><u>45 941 575</u></b>
Cash and cash equivalents at the beginning of the year		287 282 625	241 274 140	286 626 937	240 685 362
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b><u>263 613 569</u></b>	<b><u>287 282 625</u></b>	<b><u>262 081 200</u></b>	<b><u>286 626 937</u></b>

## **ACCOUNTING POLICIES**

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### **1. Presentation of Consolidated Annual Financial Statements**

The consolidated annual financial statements have been prepared on the accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. The annual financial statements have furthermore been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice number 516, dated 9th May 2008; together with the standards and principles contained in Directive 3 and 5 issued by the Accounting Standards Board in March 2009.

A summary of the significant accounting policies, which have been consistently applied over a number of years, are disclosed below.

#### **1.1 Significant judgements and sources of estimation uncertainty**

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements. Significant judgements include:

##### **1.1.1 Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 17 - Non - Current Provisions.

##### **1.1.2 Standards, amendments to standards and interpretations issued but not yet effected**

GRAP 18: Segment reporting-Issued in March 2005

Compliance with this standard would have had an effect on the presentation only. Financial information would have been reported by segments. The disclosure of this information will assist users of the financial statements to better understand the municipality's historical performance and to identify the resources allocated to support the major activities of the entity.

GRAP 23: Revenue from Non-Exchange transactions (Taxes and Transfers) - Issued February 2008

Non-exchange transactions in which the entity receives services without directly giving approximately equal value in exchange, has not been accounted for as revenue. This standard will have no impact on the municipality.

GRAP 24: Presentation of Budget Information in Financial Statements - Issued November 2007

Compliance with this standard would have had an effect on the presentation only. The budget information is currently disclosed in the appendices.

##### **1.1.3 Useful lives of Property, Plant and Equipment**

As described in accounting policies 1.6 & 1.7 the municipality depreciates/amortises its property, plant and equipment and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets become available for use. The useful lives and residual values of the assets are based on industry knowledge and reviewed annually.

##### **1.1.4 Defined Benefit Plan Liabilities**

As described in accounting policy 1.4, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are post retirement health benefit obligations and long service awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in note 15 to the financial statements.

##### **1.1.5 Revenue Recognition**

Accounting Policy 1.12 on Revenue from Exchange Transactions and Accounting Policy 1.13 on Revenue from Non - Exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.



## ACCOUNTING POLICIES

### 1.1 Significant judgements and sources of estimation uncertainty (continued)

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in Grap 9; Revenue from Exchange Transactions and Gamap 9 Revenue, as far as Revenue from Non Exchange Transactions are concerned. In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

#### 1.1.6 Financial Assets and Liabilities

The classification of financial assets and liabilities, into categories, is based on best judgement by management.

#### 1.1.7 Changes in accounting policies

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the accumulative effect in change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. The details of any resulting changes in accounting policy and comparative restatements are set out in note 39.

### 1.2 Consolidation

#### Basis of consolidation

The consolidated annual financial statements incorporate the financial statements of the Municipality and Municipal Entities controlled by the Municipality.

On acquisition, the assets and liabilities of a municipal entity are measured at their fair values at the date of acquisition. The interests of outside shareholders are stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of municipal entities acquired or disposed during the year are included in the consolidated Statement of Financial Performance from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the annual financial statements of municipal entities to bring the accounting policies used into line with those used by the Municipality and other municipal entities included in the Group.

All significant transactions and balances between members of the Group are eliminated on consolidation.

### 1.3 Financial instruments

#### 1.3.1 Financial Assets Classification

A financial asset is any asset that is cash or a contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions etc.)
- Long Term Receivables
- Consumer Debtors
- Certain Other Debtors
- Short Term Investment Deposits
- Bank Balances and Cash

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows into the four categories prescribed by this standard:

Type of Financial Asset	Classification in terms of IAS 39.09
Short Term Investment Deposit- Call	Held to Maturity Investments
Bank Balances and Cash	Loans and Receivables

**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010  
**ACCOUNTING POLICIES**

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**1.3 Financial instruments (continued)**

Type of Financial Asset	Classification in terms of IAS 39.09
Finance Lease Receivables	Loans and Receivables
Long Term Receivables	Loans and Receivables
Consumer Debtors	Loans and Receivables
Other Debtors	Loans and Receivables
Investments in Fixed Deposits	Held to Maturity Investments

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and receivables;
- Held to maturity investments; or
- Financial assets at fair value through the Statement of Financial Performance.

**Loans and Receivables**

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non- current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest rate method less a provision for impairment. (Refer to note 3)

**Held To Maturity Investments**

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of 4 months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categories cash and cash equivalents as financial assets: loans and receivables.

**1.3.2 Financial Liabilities Classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

Long Term Liabilities  
Other Creditors  
Bank Overdraft  
Short Term Loans  
Current Portion of Loan Term Liabilities  
Consumer Deposits

There are two main categories of financial liabilities determined by their classification. Financial Liabilities may be measured at:

- (i) Fair Value through profit or Loss; or
- (ii) Other Financial Liabilities.

Any other financial liabilities are classified as "other financial liabilities" and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the financial liabilities of the municipality are all classified as "other financial liabilities".

## **ACCOUNTING POLICIES**

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### **1.3 Financial instruments (continued)**

#### **1.3.3 Initial and Subsequent Measurement**

##### **Financial Assets**

Held to Maturity investments, loans and receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets. Subsequently, these assets are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

##### **Financial Liabilities**

Financial Liabilities are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest rate method.

##### **Impairment of Financial Assets**

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets are impaired. Financial assets are impaired where there is objective evidence of impairment, (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially accounts receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debts based on past default experience of all outstanding amounts at year-end. Bad debts are written off in the year in which they are identified as irrecoverable.

The carrying amounts of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables, where the carrying amount is reduced through the use of an impairment account. Subsequent recoveries of amounts previously written off are credited against the impairment account. Changes in the carrying amount of the impairment account are recognised in the Statement of Financial Performance.

##### **Derecognition of Financial Assets**

The municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when council approves the write-off of financial assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### **Derecognition of Financial Liabilities**

The municipality derecognises financial liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

#### **1.3.4 Investment in Municipal Entities**

In the municipality's separate annual financial statements, investments in the municipal entities are carried at fair value less any accumulated impairment at the reporting date.

### **1.4 Employee benefits**

#### **1.4.1 Short-term employee benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual, included under current liabilities.

**UTHUNGULU DISTRICT MUNICIPALITY**  
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#### **1.4 Employee benefits (continued)**

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.

##### **1.4.2 Defined contribution plans**

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

##### **1.4.3 Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

##### **Post-retirement health care benefits**

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

##### **Long-service allowance**

The municipality has an obligation to provide long-service allowance benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

##### **Provincially administered defined benefit plans**

The municipality contributes to various National and Provincial administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 15 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

#### **1.5 Provisions**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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**1.5 Provisions (continued)**

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provision for the rehabilitation of the refuse landfill site is determined at best estimate by consulting engineers.

**1.6 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one financial period.

Initial Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially recognised at cost on its acquisition date or in the case of assets acquired at nil or nominal consideration the deemed cost, being the fair value of the asset on acquisition date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the municipality.

Major spare parts and standby equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic fair value of the subsequent expenditure can be reliably measured.

Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity for future economic benefits associated with the asset.

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**1.6 Property, plant and equipment (continued)**

Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequent measurement of all property, plant and equipment are measured at cost, less accumulated depreciation and any accumulated impairment losses. The municipality does not recognise in the carrying amount of an item of property, plant and equipment the cost of day to day servicing of the item.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

Depreciation

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period shall be recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Land, with the exception of landfill sites and cemetery, is not depreciated as it is regarded as having an infinite life. If the cost of the land includes the cost of site dismantlement, removal and restoration, the portion of the land asset is depreciated over the period of benefits or service potential, obtained by incurring those costs. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the asset. The depreciation method used reflects the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The useful lives of items of property, plant and equipment have been assessed as follows:

<b>Item</b>	<b>Expected useful life</b>
<b>Land &amp; Building</b>	
• Permanent	30 years
• Other Buildings	30 years
<b>Plant and Equipment</b>	
• Weed Eater	2 years
• Lawn Mower	2 years
• Other	5 years
• Skid Mounted Fire Response	15 years
<b>Furniture</b>	10 years
<b>Computer equipment</b>	5 years
<b>Infrastructure Electricity</b>	
• Electrical Kiosk	15 years
• Electrical Meters	15 years
• Street Lights	15 years
• Electrical Lines and Cables	40 years
• Electrical Switchgear	40 years
• Power Transformers	40 years
•	
<b>Infrastructure - Plant &amp; Equipment</b>	
• Heavy Duty Infrastructure Pumps	15 years
• Unspecified Infrastructure Assets	15 years
• Standby Generators Sets - Water & Sewerage Camps	15 years
<b>Infrastructure Sewerage Services</b>	
• Sewerage Containment	50 years
• Sewerage Network	50 years
• Sewerage Purification	50 years



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**1.6 Property, plant and equipment (continued)**

Item	Expected useful life
<b>Infrastructure Solid Waste Cell Services</b>	
• Solid Waste Cell	7 years
• Cemetary	15 years
<b>Infrastructure Water Services</b>	
• Small Schemes	15 years
• Water Abstraction	20 years
• Water Network	20 years
• Water Purification	20 years
• Water Storage	50 years
<b>Motor vehicles</b>	
• Bakkie, LDV, Sedan & Tanker	7 years
• Truck	7 years
• Trailer & Caravan	5 years
• Forklift	5 years
• Tractors	15 years
<b>Equipment</b>	
• Office Equipment	5 years

**Infrastructure Assets**

Infrastructure assets are any assets that are part of a network of similar assets and are shown at cost less accumulated depreciation and accumulated impairment.

**Derecognition of Property, Plant and Equipment**

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition is included in surplus or deficit when the item is derecognised.

Gains or losses, calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds, are included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

**1.7 Intangible assets**

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

Initial Recognition

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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### **1.7 Intangible assets (continued)**

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset;
- the expenditure attributable to the asset during its development can be measured reliably.

#### Subsequent Measurement, Amortisation and Impairment

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired (servitudes obtained by the municipality). For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

<b>Item</b>	<b>Useful life</b>
Computer software, other	3 years

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

#### Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of financial Performance.

### **1.8 Investments in municipal entity**

In the municipality's separate annual financial statements, investment in a municipal entity are carried at fair value cost less any accumulated impairment at reporting date.

### **1.9 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### **1.9.1 Finance leases - The Municipality as a lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the future minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the future minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of the remaining balance of the liability.

## **ACCOUNTING POLICIES**

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### **1.9.2 Operating leases - The Municipality as a lessee**

Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Financial Performance over the period of the lease.

### **1.10 Inventories**

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **1.11 Tax**

Normal Tax Expense:

No provision has been made for taxation as the municipality is exempt from taxation in terms of section 10(1)(A) of the Income Tax Act.

Value Added Tax (VAT):

The Municipality accounts for VAT on the accrual basis, based on special exemption received from the Commissioner of Revenue in that the payment related to VAT on sales is being made after receipt of revenue.

### **1.12 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and rebates.

#### **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are

## **ACCOUNTING POLICIES**

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### **1.12 Revenue from exchange transactions (continued)**

satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service charges relating to water are based on consumption. Meters are read on a monthly bases and when the meter is not read provisional estimates are made and based on those readings the revenue is invoiced monthly and recognised. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Service charges relating to refuse are recognised on a monthly bases in arrears and on an accrual basis by applying the approved tariff to each consumer that makes use of the solid waste site.

Service charges from sanitation are raised on a monthly bases in accordance with the approved tariffs.

Interest and rentals are recognised on a time proportion bases.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items are brought into use.

Where public contributions have been received but the municipality has not met the condition a liability is recognised.

### **1.13 Revenue from non exchange transactions**

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### **Government grants**

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

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**1.13 Revenue from non exchange transactions (continued)**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

**Grants in Aid**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

**1.14 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number and in certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale is complete.

When the municipality completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

**1.15 Unauthorised expenditure**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance

## **ACCOUNTING POLICIES**

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### **1.16 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.17 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure and is accounted for as expenditure in the Statement of Financial Performance and when recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### **1.18 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### **1.19 Events After Report Date**

Events after the reporting date that are classified as adjusting events are accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the annual financial statements.

### **1.20 Contingent Assets and Contingent Liabilities**

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

### **1.21 Presentation of currency**

These consolidated annual financial statements are presented in South African Rand.



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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>2. Inventories</b>				
Consumables and maintenance materials	8 197 380	9 530 420	8 197 380	9 530 420
Water	205 680	186 581	205 680	186 581
	<u>8 403 060</u>	<u>9 717 001</u>	<u>8 403 060</u>	<u>9 717 001</u>
<b>3. Consumer debtors</b>				
<b>Gross balance</b>				
Water	26 626 566	16 091 190	26 626 566	16 091 190
Electricity	-	566 048	-	566 048
Sanitation	3 696 157	6 972 357	3 696 157	6 972 357
Solid waste	1 321 136	965 665	1 321 136	965 665
	<u>31 643 859</u>	<u>24 595 260</u>	<u>31 643 859</u>	<u>24 595 260</u>
<b>Less: Provision for debt impairment</b>				
Water	(14 491 662)	(9 967 602)	(14 491 662)	(9 967 602)
Electricity	-	(98 158)	-	(98 158)
Sanitation	(2 117 706)	(3 884 795)	(2 117 706)	(3 884 795)
Solid waste	(494 727)	-	(494 727)	-
	<u>(17 104 095)</u>	<u>(13 950 555)</u>	<u>(17 104 095)</u>	<u>(13 950 555)</u>
<b>Net balance</b>				
Water	12 134 904	6 123 588	12 134 904	6 123 588
Electricity	-	467 890	-	467 890
Sanitation	1 578 451	3 087 562	1 578 451	3 087 562
Solid waste	826 409	965 665	826 409	965 665
	<u>14 539 764</u>	<u>10 644 705</u>	<u>14 539 764</u>	<u>10 644 705</u>
<b>Water</b>				
Current (0 - 30 days)	6 306 067	3 291 909	6 306 067	3 291 909
31 - 60 days	2 908 507	1 251 844	2 908 507	1 251 844
61 - 90 days	1 069 867	845 299	1 069 867	845 299
91 - 120 days	873 668	1 016 471	873 668	1 016 471
> 120 days	15 468 457	9 685 667	15 468 457	9 685 667
Less: Impairment	(14 491 662)	(9 967 602)	(14 491 662)	(9 967 602)
	<u>12 134 904</u>	<u>6 123 588</u>	<u>12 134 904</u>	<u>6 123 588</u>
<b>Electricity</b>				
Current (0 - 30 days)	-	195 407	-	195 407
31 - 60 days	-	276 012	-	276 012
61 - 90 days	-	43 102	-	43 102
91 - 120 days	-	51 527	-	51 527
Less: Impairment	-	(98 158)	-	(98 158)
	<u>-</u>	<u>467 890</u>	<u>-</u>	<u>467 890</u>
<b>Sewerage</b>				
Current (0 - 30 days)	326 393	1 909 296	326 393	1 909 296
31 - 60 days	195 555	337 040	195 555	337 040
61 - 90 days	128 566	293 872	128 566	293 872
91 - 120 days	106 701	160 671	106 701	160 671
> 120 days	2 938 942	4 271 478	2 938 942	4 271 478
Less: Impairment	(2 117 706)	(3 884 795)	(2 117 706)	(3 884 795)
	<u>1 578 451</u>	<u>3 087 562</u>	<u>1 578 451</u>	<u>3 087 562</u>
<b>Solid waste</b>				
Current (0 - 30 days)	596 011	434 247	596 011	434 247
31 - 60 days	225 674	242 456	225 674	242 456
61 - 90 days	119 617	38 440	119 617	38 440
91 - 120 days	78 877	51 731	78 877	51 731
> 120 days	300 957	198 791	300 957	198 791
Less: Impairment	(494 727)	-	(494 727)	-
	<u>826 409</u>	<u>965 665</u>	<u>826 409</u>	<u>965 665</u>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>3. Consumer debtors (continued)</b>				
<b>Summary of debtors by customer classification</b>				
<b>Consumers</b>				
Current (0 - 30 days)	2 759 524	3 960 845	2 759 524	3 960 845
31 - 60 days	1 298 614	1 279 708	1 298 614	1 279 708
61 - 90 days	600 708	767 136	600 708	767 136
91 - 120 days	797 371	1 008 851	797 371	1 008 851
> 120 days	14 006 785	11 735 823	14 006 785	11 735 823
	<u>19 463 002</u>	<u>18 752 363</u>	<u>19 463 002</u>	<u>18 752 363</u>
Less: Provision for debt impairment	<u>(15 494 523)</u>	<u>(12 695 191)</u>	<u>(15 494 523)</u>	<u>(12 695 191)</u>
	<u>3 968 479</u>	<u>6 057 172</u>	<u>3 968 479</u>	<u>6 057 172</u>
<b>Industrial/Commercial</b>				
Current (0 - 30 days)	949 608	1 063 545	949 608	1 063 545
31 - 60 days	528 054	303 925	528 054	303 925
61 - 90 days	394 064	138 961	394 064	138 961
91 - 120 days	148 190	200 170	148 190	200 170
> 120 days	1 699 095	1 005 440	1 699 095	1 005 440
	<u>3 719 011</u>	<u>2 712 041</u>	<u>3 719 011</u>	<u>2 712 041</u>
Less: Provision for debt impairment	<u>(1 609 573)</u>	<u>(1 255 361)</u>	<u>(1 609 573)</u>	<u>(1 255 361)</u>
	<u>2 109 438</u>	<u>1 456 680</u>	<u>2 109 438</u>	<u>1 456 680</u>
<b>National and Provincial government</b>				
Current (0 - 30 days)	3 275 204	806 466	3 275 204	806 466
31 - 60 days	1 667 350	523 718	1 667 350	523 718
61 - 90 days	334 910	314 617	334 910	314 617
91 - 120 days	266 342	336 901	266 342	336 901
> 120 days	2 918 041	1 149 151	2 918 041	1 149 151
	<u>8 461 847</u>	<u>3 130 853</u>	<u>8 461 847</u>	<u>3 130 853</u>
<b>Total</b>				
Current (0 - 30 days)	6 984 336	5 830 856	6 984 336	5 830 856
31 - 60 days	3 494 018	2 107 351	3 494 018	2 107 351
61 - 90 days	1 329 682	1 220 714	1 329 682	1 220 714
91 - 120 days	1 211 903	1 545 922	1 211 903	1 545 922
> 120 days	18 623 921	13 890 414	18 623 921	13 890 414
	<u>31 643 860</u>	<u>24 595 257</u>	<u>31 643 860</u>	<u>24 595 257</u>
Less: Provision for debt impairment	<u>(17 104 096)</u>	<u>(13 950 552)</u>	<u>(17 104 096)</u>	<u>(13 950 552)</u>
	<u>14 539 764</u>	<u>10 644 705</u>	<u>14 539 764</u>	<u>10 644 705</u>
<b>Reconciliation of debt impairment provision</b>				
Balance at beginning of the year	(13 950 555)	(7 365 931)	(13 950 555)	(7 365 931)
Contributions to provision:	(3 153 540)	(7 481 448)	(3 153 540)	(7 481 448)
Reversal of provision	-	896 824	-	896 824
	<u>(17 104 095)</u>	<u>(13 950 555)</u>	<u>(17 104 095)</u>	<u>(13 950 555)</u>

In the determination of the amounts deemed to be doubtful at financial year end, an analysis of each debtor is undertaken. The debtor is classified into one of three categories.

- Category A Regular payers, government accounts, consumers with amounts owing not older than 60 days.
- Category B Irregular payers
- Category C Indigent customers, customers with debts older than 60 days with no payments made within the last 6 months and inactive accounts

The value of the provision for the detailed categories shall be deemed as follows:

- Category A 0% of consumer's total debt
- Category B 50% of consumer's debt less or equal to 180 days  
100% of consumer's > than 180 day:
- Category C 100% of consumer's total debt

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Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>4. Other debtors</b>				
Sundry debtors	5 518 263	4 296 643	5 518 263	4 296 643
Deposits	2 316 602	2 143 605	2 316 602	2 143 605
Umkhathuze municipality	4 771 520	-	4 771 520	-
Nkandla electricity	613 120	-	613 120	-
	<u>13 219 505</u>	<u>6 440 248</u>	<u>13 219 505</u>	<u>6 440 248</u>
<b>5. Long-term receivables</b>				
Staff vehicle loans	-	397	-	397
Staff study loans	50 950	86 345	50 950	86 345
Staff home loans	620 556	823 978	620 556	823 978
	<u>671 506</u>	<u>910 720</u>	<u>671 506</u>	<u>910 720</u>
Non-current assets	671 506	910 720	671 506	910 720
Current portion of long-term receivables	221 000	75 975	221 000	75 975
	<u>892 506</u>	<u>986 695</u>	<u>892 506</u>	<u>986 695</u>
<b>5. Long-term receivables (continued)</b>				
<b>Staff vehicle loans</b>				
Senior staff were entitled to vehicle loans prior to 1 July 2004, which currently attracts interest at 8.5% per annum and which are repayable over a maximum period of 6 years. All loans have been repaid in full in 2010.				
<b>Staff home loans</b>				
Housing loans were granted to qualifying staff prior to 1 July 2004. These loans attract interest per the fringe benefit interest rate as determined by the South African Revenue Services annually. These loans will be repayable in accordance with the home loan agreements and range from 5 to				
<b>6. VAT receivable</b>				
VAT receivable	<u>4 349 704</u>	<u>25 970 120</u>	<u>4 349 704</u>	<u>25 970 120</u>
<b>7. Cash and cash equivalents</b>				
<i>Cash and cash equivalents consist of:</i>				
Cash on hand	3 200	3 200	3 200	3 200
Bank balances	23 610 368	67 279 425	22 077 997	66 623 737
Call investments deposits	240 000 000	220 000 000	240 000 000	220 000 000
	<u>263 613 568</u>	<u>287 282 625</u>	<u>262 081 197</u>	<u>286 626 937</u>

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Figures in Rand	Group 2010	Group 2009	Municipality 2010	Municipality 2009
<b>7. Cash and cash equivalents (continued)</b>				
<i>Call Investment deposits portfolio is detailed below:</i>				
Financial Institution	Maturity Date	Investment		
ABSA	2010/07/29	10 000 000		
ABSA	2010/09/15	15 000 000		
ABSA	2010/08/10	10 000 000		
NEDBANK	2010/07/07	25 000 000		
NEDBANK	call	10 000 000		
STANDARD	2010/08/06	25 000 000		
STANDARD	2010/09/07	20 000 000		
STANDARD	2010/08/17	10 000 000		
FIRST NATIONAL BANK	2010/08/06	25 000 000		
FIRST NATIONAL BANK	2010/09/08	25 000 000		
INVESTEC	2010/07/07	15 000 000		
INVESTEC	2010/09/15	10 000 000		
INVESTEC	2010/10/07	20 000 000		
INVESTEC	2010/09/16	10 000 000		
INVESTEC	2010/10/15	10 000 000		
		<u>240 000 000</u>		

An average interest rate of 7.18 % was received on investments placed for the financial year.

**The municipality and its entities have the following bank accounts:-**

**Uthungulu District Municipality**

*Primary Account*

- Bank Nedbank - Richards Bay  
- Account Number 1 454 088 885

*Other Accounts*

- Bank Nedbank - Richards Bay  
- Account Number 1 454 088 893  
- Bank Nedbank - Richards Bay  
- Account Number 1 454 089 016

**Uthungulu Financing Partnership**

- Bank Nedbank -  
- Account Number Johannesburg  
1 979 373 671

**Uthungulu House Development Trust**

- Bank Nedbank -  
- Account Number Johannesburg  
1 979 373 663

- Bank Nedbank -  
- Account Number Johannesburg  
9 011 696 642

**Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:**

Cash book balance at the beginning of year	67 279 425	50 682 160	66 623 737	50 682 160
Cash book balance at the end of year	23 610 368	67 279 425	22 077 997	66 623 737
Bank statement balance at the beginning of year	80 117 349	66 795 215	80 117 349	66 795 215
Bank statement balance at the end of year	<u>33 748 622</u>	<u>80 117 349</u>	<u>33 748 622</u>	<u>80 117 349</u>

**UTHUNGULU DISTRICT MUNICIPALITY**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**Figures in Rand**

**8. Property, plant and equipment**

Group	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	9 550 000	-	9 550 000	9 550 000	-	9 550 000
Infrastructure - In construction	207 272 638	-	207 272 638	154 914 162	-	154 914 162
Infrastructure	372 589 216	(77 880 301)	294 708 915	287 040 520	(62 192 638)	224 847 882
Community	176 418	-	176 418	12 265 016	-	12 265 016
Other property, plant and equipment	82 176 389	(15 674 507)	66 501 882	61 234 183	(11 510 254)	49 723 929
<b>Total</b>	<b>671 764 661</b>	<b>(93 554 808)</b>	<b>578 209 853</b>	<b>525 003 881</b>	<b>(73 702 892)</b>	<b>451 300 989</b>

Municipality	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	9 550 000	-	9 550 000	9 550 000	-	9 550 000
Infrastructure - In construction	207 272 638	-	207 272 638	154 914 162	-	154 914 162
Infrastructure	372 589 216	(77 880 301)	294 708 915	287 040 520	(62 192 638)	224 847 882
Community	176 418	-	176 418	12 265 016	-	12 265 016
Other property, plant and equipment	82 176 389	(15 674 507)	66 501 882	61 234 183	(11 510 254)	49 723 929
<b>Total</b>	<b>671 764 661</b>	<b>(93 554 808)</b>	<b>578 209 853</b>	<b>525 003 881</b>	<b>(73 702 892)</b>	<b>451 300 989</b>

**Reconciliation of property, plant and equipment - 2010**

Group	Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Impairment reversal	Total
Leasehold property	9 550 000	-	-	-	-	-	-	9 550 000
Infrastructure - In construction	154 914 162	137 256 448	-	(84 897 972)	-	-	-	207 272 638
Infrastructure	224 847 882	3 558 438	(810 761)	84 871 250	(17 371 225)	(685 906)	299 237	294 708 915
Community	12 265 016	8 599 234	-	(20 687 832)	-	-	-	176 418
Other property, plant and equipment	49 723 929	1 202 470	(168 141)	20 714 554	(4 970 930)	-	-	66 501 882
<b>Total</b>	<b>451 300 989</b>	<b>150 616 590</b>	<b>(978 902)</b>	<b>-</b>	<b>(22 342 155)</b>	<b>(685 906)</b>	<b>299 237</b>	<b>578 209 853</b>

**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**Figures in Rand**

**8. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2010**

<b>Municipality</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Depreciation</b>	<b>Impairment loss</b>	<b>Impairment reversal</b>	<b>Total</b>
Leasehold property	9 550 000	-	-	-	-	-	-	9 550 000
Infrastructure - In construction	154 914 162	137 256 448	-	(84 897 972)	-	-	-	207 272 638
Infrastructure	224 847 882	3 558 438	(810 761)	84 871 250	(17 371 225)	(685 906)	299 237	294 708 915
Community	12 265 016	8 599 234	-	(20 687 832)	-	-	-	176 418
Other property, plant and equipment	49 723 929	1 202 470	(168 141)	20 714 554	(4 970 930)	-	-	66 501 882
<b>Total</b>	<b>451 300 989</b>	<b>150 616 590</b>	<b>(978 902)</b>	<b>-</b>	<b>(22 342 155)</b>	<b>(685 906)</b>	<b>299 237</b>	<b>578 209 853</b>

**Reconciliation of property, plant and equipment - 2009**

<b>Group</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Depreciation</b>	<b>Impairment loss</b>	<b>Impairment reversal</b>	<b>Total</b>
Leasehold property	9 550 000	-	-	-	-	-	-	9 550 000
Infrastructure - In construction	75 431 916	95 611 865	-	(16 129 619)	-	-	-	154 914 162
Infrastructure	223 102 862	-	-	16 104 526	(14 060 269)	(299 237)	-	224 847 882
Community	9 002 715	20 336 302	-	(17 074 001)	-	-	-	12 265 016
Other property, plant and equipment	30 218 583	5 912 504	(220 850)	17 095 094	(3 285 402)	-	-	49 723 929
<b>Total</b>	<b>347 306 076</b>	<b>121 860 671</b>	<b>(220 850)</b>	<b>-</b>	<b>(17 345 671)</b>	<b>(299 237)</b>	<b>-</b>	<b>451 300 989</b>



**UTHUNGULU DISTRICT MUNICIPALITY**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**Figures in Rand**

**8. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - 2009**

<b>Municipality</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Depreciation</b>	<b>Impairment loss</b>	<b>Impairment reversal</b>	<b>Total</b>
Leasehold property	9 550 000	-	-	-	-	-	-	9 550 000
Infrastructure - In construction	75 431 916	95 611 865	-	(16 129 619)	-	-	-	154 914 162
Infrastructure	223 102 862	-	-	16 104 526	(14 060 269)	(299 237)	-	224 847 882
Community	9 002 715	20 336 302	-	(17 074 001)	-	-	-	12 265 016
Other property, plant and equipment	30 218 583	5 912 504	(220 850)	17 099 094	(3 285 402)	-	-	49 723 929
<b>Total</b>	<b>347 306 076</b>	<b>121 860 671</b>	<b>(220 850)</b>	<b>-</b>	<b>(17 345 671)</b>	<b>(299 237)</b>	<b>-</b>	<b>451 300 989</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

**9. Intangible Assets**

<b>Group</b>	<b>2010</b>				<b>2009</b>			
	<b>Cost</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>	<b>Cost</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>	<b>Cost</b>	<b>Carrying value</b>
Computer software and other	2 386 027	(2 323 407)	62 620	2 386 028	(2 028 794)	357 234		
<b>Total</b>	<b>2 386 027</b>	<b>(2 323 407)</b>	<b>62 620</b>	<b>2 386 028</b>	<b>(2 028 794)</b>	<b>357 234</b>		

<b>Municipality</b>	<b>2010</b>				<b>2009</b>			
	<b>Cost</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>	<b>Cost</b>	<b>Accumulated amortisation</b>	<b>Carrying value</b>	<b>Cost</b>	<b>Carrying value</b>
Computer software and other	2 386 027	(2 323 407)	62 620	2 386 028	(2 028 794)	357 234		
<b>Total</b>	<b>2 386 027</b>	<b>(2 323 407)</b>	<b>62 620</b>	<b>2 386 028</b>	<b>(2 028 794)</b>	<b>357 234</b>		

**UTHUNGULU DISTRICT MUNICIPALITY**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**Figures in Rand**

**Reconciliation of property, plant and equipment - 2010**

Group	Opening Balance	Additions	Amortisation	Total
Computer software and other	357 234	-	(294 614)	62 620
<b>Total</b>	<b>357 234</b>	<b>-</b>	<b>(294 614)</b>	<b>62 620</b>

**Reconciliation of property, plant and equipment - 2010**

Municipality	Opening Balance	Additions	Amortisation	Total
Computer software and other	357 234	-	(294 614)	62 620
<b>Total</b>	<b>357 234</b>	<b>-</b>	<b>(294 614)</b>	<b>62 620</b>

**Reconciliation of property, plant and equipment - 2009**

Group	Opening Balance	Additions	Amortisation	Total
Computer software and other	674 373	15 674	(332 813)	357 234
<b>Total</b>	<b>674 373</b>	<b>15 674</b>	<b>(332 813)</b>	<b>357 234</b>

**Reconciliation of property, plant and equipment - 2009**

Municipality	Opening Balance	Additions	Amortisation	Total
Computer software and other	674 373	15 674	(332 813)	357 234
<b>Total</b>	<b>674 373</b>	<b>15 674</b>	<b>(332 813)</b>	<b>357 234</b>

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Figures in Rand	Group 2010	Group 2009	Municipality 2010	Municipality 2009
<b>10. Investment in municipal entities</b>				
<b>% Holding</b>				
uThungulu Financing Partnership	-	-	99	99
uThungulu House Development Trust	-	-	100	100
<b>Carrying amount</b>				
uThungulu Financing Partnership	-	-	18 499 551	16 114 135
uThungulu House Development Trust	-	-	6 341 510	6 704 651
	<u>-</u>	<u>-</u>	<u>24 841 061</u>	<u>22 818 786</u>

The carrying amounts of municipal entities are shown net of impairment losses.

**11. Investments**

**Held to maturity**

INCA Zero Coupon	18 804 415	16 838 383	18 804 415	16 838 383
------------------	------------	------------	------------	------------

The INCA Zero Coupon of R7 963 350 was purchased by council in 2002/03 to be utilised as a guarantee on the R 21 million INCA loan. Interest of R 1 966 032 (2008/09: R 1 760 481) at 11.35% was earned on the investment.

**Non-current assets**

Held to maturity	18 804 415	16 838 383	18 804 415	16 838 383
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The economic entity has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

**12. Long-term liabilities**

**Held at amortised cost**

ABSA Bank 12.6%	44 757 942	-	44 757 942	-
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The loan was raised to finance the development of uThungulu House building and greater Mthonjaneni Bulk Water Scheme. The loan is repayable after a 15 year period. Interest at 12.6% is payable 6 monthly in arrears on the last day of the month.

INCA 13.95%	21 000 000	21 000 000	21 000 000	21 000 000
-------------	------------	------------	------------	------------

The loan was raised to finance the purchase and development of the regional solid waste site. The loan is repayable after a 15 year period. Interest at 13.95% is paid 6 monthly in arrears on the last day of the month. The final payment of R21 million is due December 2015. A zero coupon from INCA has been taken out to repay this loan.

INCA 11.95%	28 418 153	29 304 113	28 418 153	29 304 113
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The loan was raised to finance extensions to uThungulu House and the development of the solid waste site cell 2. The loan is repayable after a 15 year period. Interest at 11.95% is payable 6 monthly in arrears on the last day of the month.

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Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>12. Long-term liabilities (continued)</b>				
Obligation under Finance Headlease	-	-	23 495 555	22 334 927
the finance headlease payments represent payment by the municipality for a headlease property in which the municipality has a controlling interest at the end of the lease through uThungulu Financing Partnership and consist of a lease over Portion 2 of ERF 10033 Richards Bay, 2 Haili, Central Business District, known as uThungulu House. The original lease period expires on 31 October 2017, ownership of the property will vest with uThungulu on the termination of the lease. The yield to maturity on the lease is 23.18% and is paid 6 monthly in advance on the last day of the month.				
	<u>94 176 095</u>	<u>50 304 113</u>	<u>117 671 650</u>	<u>72 639 040</u>
Refer to Appendix A for more detail on long-term liabilities.				
Details of the repayment term of the obligations and the related interest rates are set out in Appendix A.				
<b>Non-current liabilities</b>				
At amortised cost	<u>91 894 540</u>	<u>49 418 154</u>	<u>111 087 363</u>	<u>67 978 782</u>
<b>Current liabilities</b>				
At amortised cost	<u>2 281 555</u>	<u>885 959</u>	<u>6 584 287</u>	<u>4 660 258</u>
	<u>94 176 095</u>	<u>50 304 113</u>	<u>117 671 650</u>	<u>72 639 040</u>
<b>Obligations under finance lease</b>				
- within one year			4 949 465	4 341 637
- in the second to the fifth year inclusive			27 767 018	24 357 034
- later than five years			<u>26 181 049</u>	<u>34 540 499</u>
			58 897 532	63 239 170
Less future finance charges			<u>-35 401 978</u>	<u>-40 904 242</u>
			<u>23 495 554</u>	<u>22 334 928</u>
Present value of minimum lease payments				
- within one year			4 302 732	3 774 299
- in the second to the fifth year inclusive			13 329 526	11 694 222
- later than five years			<u>5 863 296</u>	<u>6 866 407</u>
			<u>23 495 554</u>	<u>22 334 928</u>
<b>13. Trade and other payables from exchange transactions</b>				
Trade payables	51 764 777	34 535 754	51 764 777	34 535 754
Amounts received in advance	1 441 286	849 400	1 441 286	849 400
Accrued leave pay	3 365 515	2 782 111	3 365 515	2 782 111
Other accrued expenses	11 027	22 714	11 027	22 714
Other payables	<u>14 911 403</u>	<u>8 177 778</u>	<u>14 911 403</u>	<u>8 168 717</u>
	<u>71 494 008</u>	<u>46 367 757</u>	<u>71 494 008</u>	<u>46 358 696</u>
<b>14. Consumer deposits</b>				
Electricity and water	<u>6 242 602</u>	<u>5 764 455</u>	<u>6 242 602</u>	<u>5 764 455</u>
In terms of Council's by-laws no interest is raised or paid				

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>15. Defined benefits obligation</b>				
Post-Employment Health Care Benefit Liability	7 399 379	6 805 951	7 399 379	6 805 951
Long Service Awards	2 195 634	3 207 106	2 195 634	3 207 106
<b>Total amount for post retirement benefit provisions</b>	<b>9 595 013</b>	<b>10 013 057</b>	<b>9 595 013</b>	<b>10 013 057</b>
	<b>(178 885)</b>	<b>(460 582)</b>	<b>(178 885)</b>	<b>(460 582)</b>
Less: Current portion of post-employment health care benefit liability	(48 384)	(80 414)	(48 384)	(80 414)
Less: Current portion of long service awards	(130 501)	(380 168)	(130 501)	(380 168)
<b>Net provision for post retirement benefit liability</b>	<b>9 416 128</b>	<b>9 552 475</b>	<b>9 416 128</b>	<b>9 552 475</b>
<b>15.1 Post-employment Health Care Benefit Liability</b>				
Post-Employment Health Care Benefit Liability	7 399 379	6 805 951	7 399 379	6 805 951
<b>Total: Post Retirement Medical Aid Benefit Liability</b>	<b>7 399 379</b>	<b>6 805 951</b>	<b>7 399 379</b>	<b>6 805 951</b>
Less: Transfer to current provisions	(48 384)	(80 414)	(48 384)	(80 414)
<b>Net Post-Employment Health Care Benefit Liability</b>	<b>7 350 995</b>	<b>6 725 537</b>	<b>7 350 995</b>	<b>6 725 537</b>

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2010 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members (Employees)	160	144	160	144
In-service non-members	86	-	86	-
Continuation members (Retirees, widowers and orphans)	2	4	2	4
	<b>248</b>	<b>148</b>	<b>248</b>	<b>148</b>

The liability in respect of past services has been estimated to be as follows:

In-service members	6 623 351	5 316 406	6 623 351	5 316 406
Continuation members	776 028	1 489 545	776 028	1 489 545
	<b>7 399 379</b>	<b>6 805 951</b>	<b>7 399 379</b>	<b>6 805 951</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas
- Key Health
- LA Health
- Hosmed
- Samwumed

The future service cost for the ensuing year is established to be R 812 181, whereas the interest-cost for the next year is estimated to be R 677 055 (2009: R 557 420 and R 598 109 respectively).

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<b>15. Defined benefits obligations (continued)</b>				
<b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b>				
Discount rate	9.18%	8.84%	9.18%	8.84%
Health care inflation rate	7.24%	7.59%	7.24%	7.59%
Net effective discount rate	1.80%	1.16%	1.80%	1.16%
Expected rate of salary increase	6.49%	6.84%	6.49%	6.84%
Expected retirement age - females	58	58	58	58
Expected retirement age - males	63	63	63	63
<b>The amount recognised in the Statement of Financial Position are as follows:</b>				
Present value of fund obligations	7 399 379	6 805 951	7 399 379	6 805 951
	<b>7 399 379</b>	<b>6 805 951</b>	<b>7 399 379</b>	<b>6 805 951</b>
Present value of unfunded obligations	7 399 379	6 805 951	7 399 379	6 805 951
<b>Benefit Liability</b>	<b>7 399 379</b>	<b>6 805 951</b>	<b>7 399 379</b>	<b>6 805 951</b>
<b>The amount recognised in the Statement of Financial Performance are as follows:</b>				
Current service cost	557 420	514 346	557 420	514 346
Interest cost	598 109	638 597	598 109	638 597
<b>Total included in employee related cost</b>	<b>1 155 529</b>	<b>1 152 943</b>	<b>1 155 529</b>	<b>1 152 943</b>
<b>The movement in the defined benefit obligation over the year as follows:</b>				
Balance at the beginning of the year	6 805 951	6 062 886	6 805 951	6 062 886
- Current service cost	557 420	514 346	557 420	514 346
- Interest cost	598 109	638 597	598 109	638 597
- Benefits paid	(80 412)	(72 540)	(80 412)	(72 540)
- Actuarial (gain)/losses	(481 689)	(337 338)	(481 689)	(337 338)
<b>Balance at the end of the year</b>	<b>7 399 379</b>	<b>6 805 951</b>	<b>7 399 379</b>	<b>6 805 951</b>
<b>The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:</b>				
<b>Increase</b>				
Effect on the aggregate current service and interest cost	278 800	281 400	278 800	281 400
Effect on the defined benefit obligation	1 187 698	1 475 057	1 187 698	1 475 057
<b>Decrease</b>				
Effect on the aggregate current service and interest cost	(215 300)	(217 300)	(215 300)	(217 300)
Effect on the defined benefit obligation	(1 027 713)	(1 159 940)	(1 027 713)	(1 159 940)
Defined benefit obligation	7 399 379	6 805 951	7 399 379	6 805 951
Experience adjustment on plan liabilities	326 430	N/A	326 430	N/A

The municipality expects to make a contribution of R 48 384, (2009: R 80 412) to the defined benefit plans during the next financial year.



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Figures in Rand	Group		Municipality	
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<b>15. Defined budget obligations (continued)</b>				
<b>15.2 Long Service Awards</b>				
Provision for Long Service Awards	2 195 634	3 207 105	2 195 634	3 207 105
<b>Total provision for Long Service Awards</b>	<b>2 195 634</b>	<b>3 207 105</b>	<b>2 195 634</b>	<b>3 207 105</b>
Less: Transfer to current provisions	(130 501)	(380 168)	(130 501)	(380 168)
<b>Net Long Service Awards Liability</b>	<b>2 065 133</b>	<b>2 826 937</b>	<b>2 065 133</b>	<b>2 826 937</b>
<p>A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000). The said award comprises a certain number of vacation leave days which, in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award becomes due or, alternatively, credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2010 may become entitled to in future, based on an actuarial valuation performed at that date.</p>				
<p>The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2010 by ARCH Actuarial Consulting, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.</p>				
<p>The future service cost for the ensuing year is established to be R 490 530, whereas the interest-cost for the next year is estimated to be R 194 019 (2009: R 524 162 and R 277 647 respectively).</p>				
<p><b>The principal assumptions used for the purposes of the actuarial valuations were as follows:</b></p>				
<b>Rates of Interest</b>				
Discount rate	9.10%	9.19%	9.10%	9.19%
Net effective discount rate	2.52%	2.45%	2.52%	2.45%
Expected rate of salary increase	6.42%	6.58%	6.42%	6.58%
Expected retirement age - females	58	58	58	58
Expected retirement age - males	63	63	63	63
<p><b>The amount recognised in the Statement of Financial Position are as follows:</b></p>				
Present value of fund obligations	2 195 634	3 207 105	2 195 634	3 207 105
	<b>2 195 634</b>	<b>3 207 105</b>	<b>2 195 634</b>	<b>3 207 105</b>
Present value of unfunded obligations	2 195 634	3 207 105	2 195 634	3 207 105
<b>Benefit Liability</b>	<b>2 195 634</b>	<b>3 207 105</b>	<b>2 195 634</b>	<b>3 207 105</b>
<p><b>The amount recognised in the Statement of Financial Performance are as follow:</b></p>				
Current service cost	524 162	477 556	524 162	477 556
Interest cost	277 647	285 884	277 647	285 884
Actuarial (gain)/losses	(1 433 112)	56 013	(1 433 112)	56 013
<b>Total included in employee related cost</b>	<b>(631 303)</b>	<b>819 453</b>	<b>(631 303)</b>	<b>819 453</b>
<p>The movement in the defined benefit obligation over the year as follows:</p>				
Balance at the beginning of the year	3 207 105	2 819 545	3 207 105	2 819 545
- Current service cost	524 162	477 556	524 162	477 556
- Interest cost	277 647	285 884	277 647	285 884
- Benefits paid	(380 168)	(431 893)	(380 168)	(431 893)
- Actuarial (gain)/losses	(1 433 112)	56 013	(1 433 112)	56 013
<b>Balance at the end of the year</b>	<b>2 195 634</b>	<b>3 207 105</b>	<b>2 195 634</b>	<b>3 207 105</b>
Defined benefit obligation	2 195 634	3 207 105	2 195 634	3 207 105
Experience adjustment on plan liabilities	(1 422 469)	-	(1 422 469)	-

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**15. Defined budget obligations (continued)**

**Provincially-administered defined benefit obligations**

	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Net Movement in funds R'000
Government Employees Pension Fund	March 2008	707 042 000	707 042 000	-
KwaZulu-Natal Joint Municipal Provident Fund	March 2009	573 952	574 717	(765)
Natal Joint Municipal Pension Fund (Superannuation)	March 2009	4 687 200	4 717 100	(29 900)
Natal Joint Municipal Pension Fund (Retirement)	March 2009	1 667 600	1 881 800	(214 200)
Zululand Joint Provident Fund (uThungulu District Municipality Provident Fund)	February 2009	12 541 836	12 541 836	-

An amount of R 5 207 598.66 (2009: R 4 375 986) was contributed by Council towards employee retirement funding. These contributions have been expensed.

**16. Unspent conditional grants and receipts**

**Unspent conditional grants and receipts comprises of:**

**Conditional Grants from other spheres of Government**

National Government - Municipal Infrastructure Grant	57 219 922	44 950 778	57 219 922	44 950 778
Department of Traditional & Local Government	16 491 403	55 682 436	16 491 403	55 682 436
Department of Water Affairs and Forestry	1 114 478	16 945 121	1 114 478	16 945 121
Department of Provincial Treasury	1 028 241	514 877	1 028 241	514 877
Department of Public Works	616 950	829 342	616 950	829 342
Department of Transport - KwaZulu Natal	313 770	313 770	313 770	313 770
Department of Economic Affairs and Tourism	300 000	300 000	300 000	300 000
Department of Co-operative Government and Traditional Affairs	225 986	429 829	225 986	429 829
Department of Agriculture	189 708	-	189 708	-
National Government - Other	134 586	29 006	134 586	29 006
Department of Sport and Recreation	3 813	30 766	3 813	30 766
uMhlathuze Municipality	-	21 065 412	-	21 065 412

**Other Conditional Grants**

Foskor	17 115	-	17 115	-
Other	370 987	266 172	370 987	266 172
	<b>78 026 959</b>	<b>141 357 509</b>	<b>78 026 959</b>	<b>141 357 509</b>

**17. Non-current and current provisions**

**Group**

**Reconciliation of non-current provisions - 2010**

	Opening balance	Contributions to provisions	Expenditure incurred	Total
Reclamation of refuse landfill site	57 804 231	3 109 980	-	60 914 211
Performance bonus	710 363	608 737	(608 737)	710 363
	<b>58 514 594</b>	<b>3 718 717</b>	<b>(608 737)</b>	<b>61 624 574</b>

**Reconciliation of non-current provisions - 2009**

	Opening balance	Contributions to provisions	Expenditure incurred	Total
Reclamation of refuse landfill site	49 419 558	8 384 673	-	57 804 231
Performance bonus	715 364	553 988	(558 989)	710 363
	<b>50 134 922</b>	<b>8 938 661</b>	<b>(558 989)</b>	<b>58 514 594</b>

**Municipality**

**Reconciliation of non-current provisions - 2010**

	Opening balance	Contributions to provisions	Expenditure incurred	Total
Reclamation of refuse landfill site	57 804 231	3 109 980	-	60 914 211
Performance bonus	710 363	608 737	(608 737)	710 363
	<b>58 514 594</b>	<b>3 718 717</b>	<b>(608 737)</b>	<b>61 624 574</b>

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<b>17. Non-current and current provisions (continued)</b>				
<b>Reconciliation of non-current provisions - 2009</b>				
	Opening balance	Contributions to provisions	Expenditure incurred	Total
Reclamation of refuse landfill site	49 419 558	8 384 673	-	57 804 231
Performance bonus	715 364	553 988	(558 989)	710 363
	<b>50 134 922</b>	<b>8 938 661</b>	<b>(558 989)</b>	<b>58 514 594</b>
Non-current liabilities	60 914 211	57 804 231	60 914 211	57 804 231
Current liabilities	710 363	710 363	710 363	710 363
	<b>61 624 574</b>	<b>58 514 594</b>	<b>61 624 574</b>	<b>58 514 594</b>

Performance bonuses are paid after the financial year end in arrears as the assessment of eligible employees had not taken place at reporting date.

In terms of licensing of the landfill refuse site, council will incur rehabilitation costs of R 60 million to restore the old Empangeni and Cell 1 refuse sites at the end of their useful life, estimated to be in 2011. Provision has been made at best estimate determined by the consulting engineers at a cost for the current solid waste (Cell 1 & Cell 2) and the old Empangeni Site.

**18. Service charges**

Sale of water	23 961 064	22 489 702	23 961 064	22 489 702
Solid waste	5 068 155	4 678 241	5 068 155	4 678 241
Sewerage and sanitation charges	3 297 144	3 020 874	3 297 144	3 020 874
Cemetery revenue	411 774	478 413	411 774	478 413
Service charges	138 543	-	138 543	-
Sale of electricity	-	2 799 500	-	2 799 500
	<b>32 876 680</b>	<b>33 466 730</b>	<b>32 876 680</b>	<b>33 466 730</b>

**19. Regional service council levies**

RSC Levies - Remuneration	-	572 493	-	572 493
RSC Levies - Turnover	-	89 509	-	89 509
	<b>-</b>	<b>662 002</b>	<b>-</b>	<b>662 002</b>

Regional council levies has been discontinued as from the 30 of June 2006 and the finalisation of this function was completed in the 2008/2009 financial year.

**20. Government grants and subsidies**

Levy replacement grant	122 819 042	107 313 857	122 819 042	107 313 857
Municipal Infrastructure Grant	106 413 855	83 543 495	106 413 855	83 543 495
Equitable share	93 709 725	73 788 014	93 709 725	73 788 014
Department of Traditional and Local Government Affairs	43 691 033	24 025 980	43 691 033	24 025 980
uMhlathuze Municipality	21 065 412	1 434 588	21 065 412	1 434 588
Department of Water Affairs and Forestry	17 162 242	22 281 039	17 162 242	22 281 039
Department of Co-operative Governance and Traditional Affairs	938 843	3 446 651	938 843	3 446 651
Department of Public Works	884 369	2 140 120	884 369	2 140 120
National Treasury	644 420	536 915	644 420	536 915
Other grants - Fokor	72 885	-	72 885	-
Provincial Treasury	63 636	-	63 636	-
Department of Sport & Recreation	26 953	3 375 340	26 953	3 375 340
Department of Agriculture	10 293	-	10 293	-
	<b>407 502 708</b>	<b>321 885 999</b>	<b>407 502 708</b>	<b>321 885 999</b>

**Levy Replacement Grant**

Regional council levies have been discontinued as from 30 June 2006, and the national fiscus has allocated a levy replacement grant to the district municipalities. The levy replacement grant is an interim measure to ensure the financial stability of the district municipalities while national government is currently defining the overall fiscus streams to local government.

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<b>20. Government grants and subsidies (continued)</b>				
<b>Municipal Infrastructure Grant</b>				
Balance at beginning of year	44 950 778	38 592 272	44 950 778	38 592 272
Current-year receipts	118 683 000	89 902 000	118 683 000	89 902 000
Conditions met - transferred to revenue	(106 413 856)	(83 543 494)	(106 413 856)	(83 543 494)
	<b>57 219 922</b>	<b>44 950 778</b>	<b>57 219 922</b>	<b>44 950 778</b>

Conditions still to be met - remain liabilities (see note 16)

This grant is used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld.

**Equitable share**

In terms of the Constitution, this grant is unconditional and is used to subsidise the provision of basic services to the community. These subsidies includes 6 kilolitre free basic water to the entire district with the exception of KZ 282.

**Department of Traditional and Local Government Affairs**

Balance at beginning of year	55 682 436	20 937 657	55 682 436	20 937 657
Current-year receipts	4 500 000	53 800 000	4 500 000	53 800 000
Conditions met - transferred to revenue	(43 691 033)	(24 025 980)	(43 691 033)	(24 025 980)
Prior year allocation error	-	4 970 759	-	4 970 759
	<b>16 491 403</b>	<b>55 682 436</b>	<b>16 491 403</b>	<b>55 682 436</b>

Conditions still to be met - remain liabilities (see note 16)

These grants are used:

- to build capacity within the district in order to perform functions as per legislature;
- for disaster programmes, fire fighting equipment, water service delivery planning, shared services unit and infrastructure.

**uMhlatuze Municipality**

Balance at beginning of year	21 065 412	7 500 000	21 065 412	7 500 000
Current-year receipts	-	15 000 000	-	15 000 000
Conditions met - transferred to revenue	(21 065 412)	(1 434 588)	(21 065 412)	(1 434 588)
	<b>-</b>	<b>21 065 412</b>	<b>-</b>	<b>21 065 412</b>

Conditions still to be met - remain liabilities (see note 16)

The grants received were used to build the 2010 sports stadium in the district.

**Department of Water Affairs and Forestry**

Balance at beginning of year	16 945 121	20 214 459	16 945 121	20 214 459
Current-year receipts	1 331 600	19 011 700	1 331 600	19 011 700
Conditions met - transferred to revenue	(17 162 242)	(22 281 039)	(17 162 242)	(22 281 039)
	<b>1 114 479</b>	<b>16 945 120</b>	<b>1 114 479</b>	<b>16 945 120</b>

Conditions still to be met - remain liabilities (see note 16)

These grants are used for:

- water infrastructure and sanitation projects;
- drought relief and disaster relief programmes

**Department of Co-operative Governance and Traditional Affairs**

Balance at beginning of year	429 829	1 198 875	429 829	1 198 875
Current-year receipts	735 000	2 677 605	735 000	2 677 605
Conditions met - transferred to revenue	(938 843)	(3 446 651)	(938 843)	(3 446 651)
	<b>225 986</b>	<b>429 829</b>	<b>225 986</b>	<b>429 829</b>

Conditions still to be met - remain liabilities (see note 16)

The department of cooperative governance and traditional affairs grants are used to build capacity within the district in order to perform functions as per legislature.

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Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>20. Government grants and subsidies (continued)</b>				
<b>Department of Public Works</b>				
Balance at beginning of year	829 342	2 969 461	829 342	2 969 461
Current-year receipts	616 950	-	616 950	-
Conditions met - transferred to revenue	<u>(829 342)</u>	<u>(2 140 119)</u>	<u>(829 342)</u>	<u>(2 140 119)</u>
	<b><u>616 950</u></b>	<b><u>829 342</u></b>	<b><u>616 950</u></b>	<b><u>829 342</u></b>

Conditions still to be met - remain liabilities (see note 16)

This grant is used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld.

**National Treasury**

Balance at beginning of year	29 006	2 008 526	29 006	2 008 526
Current-year receipts	750 000	(1 442 605)	750 000	(1 442 605)
Conditions met - transferred to revenue	<u>(644 420)</u>	<u>(536 915)</u>	<u>(644 420)</u>	<u>(536 915)</u>
	<b><u>134 586</u></b>	<b><u>29 006</u></b>	<b><u>134 586</u></b>	<b><u>29 006</u></b>

Conditions still to be met - remain liabilities (see note 16)

National treasury other grants are used for:

- to promote and support reforms to municipal financial management and the implementation of the Municipal Finance Management Act (Act no. 56 of 2003).

**FOSKOR**

Current-year receipts	90 000	-	90 000	-
Conditions met - transferred to revenue	<u>(72 885)</u>	<u>-</u>	<u>(72 885)</u>	<u>-</u>
	<b><u>17 115</u></b>	<b><u>-</u></b>	<b><u>17 115</u></b>	<b><u>-</u></b>

Conditions still to be met - remain liabilities (see note 16)

The grant received from Foskor is to partner with the district municipality in the fight against HIV and Aids.

**Department of Provincial Treasury**

Balance at beginning of year	514 877	-	514 877	-
Current-year receipts	577 000	514 877	577 000	514 877
Conditions met - transferred to revenue	<u>(63 636)</u>	<u>-</u>	<u>(63 636)</u>	<u>-</u>
	<b><u>1 028 241</u></b>	<b><u>514 877</u></b>	<b><u>1 028 241</u></b>	<b><u>514 877</u></b>

Conditions still to be met - remain liabilities (see note 16)

The grant received from the department of provincial treasury is unconditional and is used for the upliftment of the districts communities through various programmes.

**Department of Sport & Recreation**

Balance at beginning of year	30 766	7 376 865	30 766	7 376 865
Current-year receipts	-	1 000 000	-	1 000 000
Conditions met - transferred to revenue	<u>(26 953)</u>	<u>(3 375 340)</u>	<u>(26 953)</u>	<u>(3 375 340)</u>
Prior year allocation	<u>-</u>	<u>(4 970 759)</u>	<u>-</u>	<u>(4 970 759)</u>
	<b><u>3 813</u></b>	<b><u>30 766</u></b>	<b><u>3 813</u></b>	<b><u>30 766</u></b>

Conditions still to be met - remain liabilities (see note 16)

The grant received from the department of sport and recreation are used to construct sporting infrastructure in the district. This grant also included funding for the 2010 sports stadium that has been constructed by the municipality. The grant is spent in accordance with the approved business plan. No funds have been withheld.



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	2010	2009	2010	2009
<b>20. Government grants and subsidies (continued)</b>				
<b>Department of Transport</b>				
Balance at beginning of year	313 770	-	313 770	-
Current-year receipts	-	313 770	-	313 770
	<b>313 770</b>	<b>313 770</b>	<b>313 770</b>	<b>313 770</b>
Conditions still to be met - remain liabilities (see note 16)				
The department of transport grant is used for the development of the public transport plan.				
<b>Department of Economic Affairs and Tourism</b>				
Balance at beginning of year	300 000	-	300 000	-
Current-year receipts	-	300 000	-	300 000
	<b>300 000</b>	<b>300 000</b>	<b>300 000</b>	<b>300 000</b>
Conditions still to be met - remain liabilities (see note 16)				
The grant received from the department of economic affairs and tourism is for the development and promotion of the districts local economy and tourism.				
<b>Department of Agriculture</b>				
Current-year receipts	200 000	-	200 000	-
Conditions met - transferred to revenue	(10 292)	-	(10 292)	-
	<b>189 708</b>	<b>-</b>	<b>189 708</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 16)				
The grant received from the department of agriculture is for the development of a district agricultural plan.				
<b>21. Other income</b>				
Income from the uThungulu Financing Partnership	-	-	2 560 904	3 024 511
Income from the uThungulu House Development Trust	-	-	3 016 296	1 761 855
Sundry income	3 370 472	1 261 578	3 370 472	1 261 578
Shared services revenue	1 007 149	2 411 150	1 007 149	2 411 150
Insurance refund	541 056	250 017	541 056	250 017
Other income impairment	299 237	-	299 237	-
Tender deposits	235 565	151 507	235 565	151 507
SETA refund	198 965	164 961	198 965	164 961
Lease income	71 535	74 332	71 535	74 332
Other income - Mark-up	1 427	41 918	1 427	41 918
Discount received	-	2 538	-	2 538
Donations and sponsorship received	-	2 000	-	2 000
Donations received	-	6 914 508	-	6 914 508
Public contributions	-	81 409	-	81 409
Salary reimbursement - Pims	-	1 916 191	-	1 916 191
Sale of maps	-	282	-	282
Shared service unit	-	258 200	-	258 200
	<b>5 725 406</b>	<b>13 530 591</b>	<b>11 302 606</b>	<b>18 316 957</b>
<b>22. Interest Received</b>				
<b>Interest revenue</b>				
Outstanding debtors	78 047	176 501	78 047	176 501
External investments	26 468 420	36 182 387	26 468 420	36 182 387
	<b>26 546 467</b>	<b>36 358 888</b>	<b>26 546 467</b>	<b>36 358 888</b>
<b>23. Employee related costs</b>				
Employee related costs - Salaries and wages	49 508 924	41 637 728	49 508 924	41 637 728
Employee related costs - Contributions for UIF, pensions	9 210 541	7 711 332	9 210 541	7 711 332
Travel and other allowances	6 093 718	5 193 396	6 093 718	5 193 396
Overtime and relief payments	4 517 937	3 316 491	4 517 937	3 316 491
Housing benefits and allowances	2 760 976	2 168 975	2 760 976	2 168 975
Post Retirement Obligation: Post-employment health care benefit	593 428	743 065	593 428	743 065
Post Retirement Obligation: Long Service Award	-	387 560	-	387 560
	<b>72 685 524</b>	<b>61 158 547</b>	<b>72 685 524</b>	<b>61 158 547</b>



**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>23. Employee related costs (continued)</b>				
<b>Remuneration of Municipal Manager</b>				
Annual Remuneration	800 518	738 702	800 518	738 702
Car Allowance	330 800	277 778	330 800	277 778
Performance Bonuses	132 020	121 902	132 020	121 902
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 264 880</b>	<b>1 139 921</b>	<b>1 264 880</b>	<b>1 139 921</b>
<b>Remuneration of Deputy Municipal Manager</b>				
Annual Remuneration	701 734	668 067	701 734	668 067
Car Allowance	323 323	305 880	323 323	305 880
Performance Bonuses	124 439	113 093	124 439	113 093
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 151 038</b>	<b>1 088 579</b>	<b>1 151 038</b>	<b>1 088 579</b>
<b>Remuneration of Executive Director Technical Services</b>				
Annual Remuneration	718 564	671 426	718 564	671 426
Car Allowance	179 018	172 493	179 018	172 493
Performance Bonuses	116 034	107 141	116 034	107 141
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 015 158</b>	<b>952 599</b>	<b>1 015 158</b>	<b>952 599</b>
<b>Remuneration of Executive Director Corporate Services</b>				
Annual Remuneration	769 755	679 747	769 755	679 747
Car Allowance	202 475	193 660	202 475	193 660
Performance Bonuses	117 426	107 141	117 426	107 141
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 091 198</b>	<b>982 087</b>	<b>1 091 198</b>	<b>982 087</b>
<b>Remuneration of Chief Financial Officer</b>				
Annual Remuneration	824 861	769 615	824 861	769 615
Car Allowance	93 190	86 287	93 190	86 287
Performance Bonuses	118 818	109 712	118 818	109 712
Contributions to UIF	1 542	1 539	1 542	1 539
	<b>1 038 411</b>	<b>967 153</b>	<b>1 038 411</b>	<b>967 153</b>
<b>24. Remuneration of councillors</b>				
Executive Mayor	429 861	314 647	429 861	314 647
Deputy Executive Mayor	435 274	406 949	435 274	406 949
Executive Committee	1 226 740	1 917 689	1 226 740	1 917 689
Speaker	466 443	404 696	466 443	404 696
Councillors	2 434 655	1 581 395	2 434 655	1 581 395
Councillors' pension contribution	422 240	396 096	422 240	396 096
	<b>5 415 213</b>	<b>5 021 472</b>	<b>5 415 213</b>	<b>5 021 472</b>
<b>In-kind benefits</b>				
The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council which is included with other expenditure in the Statement of Financial Performance. To note the mayors remuneration in 2009/2010 is paid based on the difference of a full time mayor and that of a part time councillor of uMlalazi Municipality. The municipality continued with the existing lease agreement for the first 6 months of the year and subsequently purchased the said vehicle for Mayoral duties.				
<b>25. Depreciation and amortisation</b>				
Property, plant and equipment	23 028 061	17 644 908	23 028 061	17 644 908
Intangible assets	294 614	332 813	294 614	332 813
	<b>23 322 675</b>	<b>17 977 721</b>	<b>23 322 675</b>	<b>17 977 721</b>

**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>26. Finance costs</b>				
Interest paid - long term liabilities	8 083 313	2 865 034	9 243 940	8 118 322
<b>27. Bulk purchases</b>				
Electricity	9 310 436	10 397 740	9 310 436	10 397 740
Water	9 046 826	6 140 253	9 046 826	6 140 253
	<b>18 357 262</b>	<b>16 537 993</b>	<b>18 357 262</b>	<b>16 537 993</b>
<b>28. Grants and subsidies</b>				
KZ 282 Umhlathuze Municipality	2 175 690	1 319 418	2 175 690	1 319 418
KZ 284 Umlalazi Municipality	-	512 506	-	512 506
KZ 283 Ntambanana Municipality	1 300 000	-	1 300 000	-
	<b>3 475 690</b>	<b>1 831 924</b>	<b>3 475 690</b>	<b>1 831 924</b>
<b>29. General expenses</b>				
Advertisements	611 062	686 994	611 062	686 994
Chemicals	1 350 171	1 494 240	1 350 171	1 494 240
External audit fees	1 845 220	1 348 971	1 845 220	1 348 971
Fuel and oil	2 062 337	2 148 817	2 062 337	2 148 817
IDP operational externally funded projects	78 755 268	47 265 475	78 755 268	47 265 475
IDP operational internal funded projects	48 497 155	58 472 336	52 939 596	58 472 336
Insurance	937 217	2 009 157	937 217	2 009 157
Landfill site reclamation	3 109 980	8 384 673	3 109 980	8 384 673
Other expenses	9 848 970	6 717 770	9 848 970	6 717 770
Publicity	1 146 871	1 317 847	1 146 871	1 317 847
Rent - Plant and vehicles	2 980 468	2 905 427	2 980 468	2 905 427
Subsistence & travelling	914 394	1 344 877	914 394	1 344 877
Telephone	1 374 688	1 365 586	1 374 688	1 365 586
	<b>153 433 801</b>	<b>135 462 170</b>	<b>157 876 242</b>	<b>135 462 170</b>
<b>30. Cash generated from operations</b>				
Surplus	83 842 616	83 851 158	83 816 748	83 831 289
<b>Adjustments</b>				
Depreciation and amortisation	23 322 675	17 977 720	23 322 675	17 977 720
Loss on sale of property, plant and equipment	978 902	220 850	978 902	220 850
Fair value adjustments	-	(447 054)	-	(447 054)
Movement in retirement benefits assets and liabilities	(418 043)	8 809 229	(418 043)	8 809 229
Movement in provisions	3 109 980	8 379 672	3 109 980	8 379 672
Initial recognition of municipal entities	-	-	-	-
Initial recognition of Post Retirement Obligations	-	(6 062 886)	-	(6 062 886)
Recognition of Long Service Awards	-	(919 959)	-	(919 959)
Reversal of retention held	-	543 060	-	543 060
Corrections of revenue recognition	(121 610)	(8 608)	(121 610)	(8 608)
Stale cheques reversals	-	1 064 698	-	1 064 698
Distribution by partnership	(1 773)	-	-	-
<b>Changes in working capital:</b>				
Inventories	1 313 941	(6 630 802)	1 313 941	(6 630 802)
Other debtors	(6 779 259)	1 908 870	(6 779 259)	1 908 870
Consumer debtors	(3 895 061)	2 726 175	(3 895 061)	2 726 175
Current portion of long-term receivables	-	185 029	-	185 029
Trade and other payables from exchange transactions	25 126 251	(5 796 015)	25 135 312	(5 796 015)
VAT	21 620 416	(8 048 485)	21 620 416	(8 048 485)
Unspent conditional grants and receipts	(63 330 550)	40 185 236	(63 330 550)	40 185 236
Consumer deposits	478 147	1 342 884	478 147	1 342 884
	<b>85 246 632</b>	<b>139 280 772</b>	<b>85 231 598</b>	<b>139 260 903</b>

**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>31. Commitments</b>				
<i>Authorised capital expenditure</i>				
<i>Approved and contracted for</i>				
- Infrastructure	82 228 456	146 115 138	82 228 456	146 115 138
- Other property, plant and equipment	-	29 862 809	-	29 862 809
	<b>82 228 456</b>	<b>175 977 947</b>	<b>82 228 456</b>	<b>175 977 947</b>
<i>Approved but not yet contracted for</i>				
- Infrastructure	-	4 367 494	-	4 367 494
<i>This expenditure will be financed from:</i>				
- Government grants	76 565 181	136 205 567	76 565 181	136 205 567
- Own Resources	5 663 275	17 861 492	5 663 275	17 861 492
- Borrowings	-	26 278 382	-	26 278 382
	<b>82 228 456</b>	<b>180 345 441</b>	<b>82 228 456</b>	<b>180 345 441</b>

The outstanding commitments relate to capital projects and other assets that have been committed by order, by the Bid Adjudication Committee and Executive Committee prior to 30 June 2010. The majority of the capital projects include water infrastructure. The following two large capital infrastructure projects amongst others have been completed in the 2009/2010 financial year, namely Mangosuthu Buthelezi House and the bulk infrastructure for Greater Mthonjaneni.

**32. Contingencies**

*Future legal fees*

1. Ex-employee 1 - legal action pending	600 000	200 000	600 000	200 000
2. Contractor 1 - legal matter pending	140 000	100 000	140 000	100 000
3. Consulting Engineers 2 - legal matter pending	140 000	30 000	140 000	30 000
4. Contractor - legal matter pending	100 000	-	100 000	-
5. Service provider - legal action pending	40 000	-	40 000	-
6. Ex-employee 2 - legal action pending	30 000	-	30 000	-
	<b>1 050 000</b>	<b>330 000</b>	<b>1 050 000</b>	<b>330 000</b>

**32. Contingencies (continued)**

- The municipality has legal action against an ex-employee that made an illegal investment. The matter is being dealt with by the high court.
- This is a contractor's liability claim by the municipality against a contractor for non performance and is a high court claim.
- This matter refers to a dispute with a consulting engineering firm and relates to the consultant increasing the scope of work of a project without obtaining prior approval from the municipality. The matter is a high court claim.
- The municipality has legal action against a contractor for non performance and relates to the claim referred to in point 3 above. The matter is with the high court.
- This is a high court claim that has been lodged against a service provider.
- This is a labour court matter and is currently under review and is anticipated to be finalised in October 2010.

**33. Related parties**

*Relationships*

Municipal entities

The uThungulu Financing Partnership  
uThungulu House Development Trust

*Related Party Balances*

**Investment in municipal entities**

The uThungulu Financing Partnership	18 499 551	16 114 135
uThungulu House Development Trust	6 341 510	6 704 651

**Income received from related parties**

The uThungulu Financing Partnership	2 560 904	1 761 855
uThungulu House Development Trust	3 016 296	3 024 511

**Balances outstanding from related parties**

The uThungulu Financing Partnership	23 495 555	22 334 928
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**UTHUNGULU DISTRICT MUNICIPALITY**  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	Group		Municipality	
	2010	2009	2010	2009
<b>33. Related parties (continued)</b>				
<b>% interest in municipal entities</b>				
The uThungulu Financing Partnership			99	99
uThungulu House Development Trust			100	100
<b>Related parties transactions</b>				
<b>Sub-lease payments</b>				
The uThungulu Financing Partnership			4 341 636	3 808 543

The uThungulu Financing Partnership is a partnership between uThungulu District Municipality, NIB9810 trust and Nedcor. uThungulu District Municipality as at 30 April 2008 holds 99% and Nedcor and NIB9810 holds the balance of 1%. The uThungulu Financing Partnership was formed to facilitate the purchase of uThungulu House in order to provide offices for uThungulu District Municipality. In order to finance the purchase of uThungulu House, the partnership entered into a loan agreement with Nedcor. In terms of the sub-lease agreement, uThungulu District Municipality is obliged to make bi-annual sub payments to the partnership to reimburse uThungulu Financing Partnership for loan repayments made to Nedcor. The loan is payable over 20 year period (starting in 1998 and ending in 2017).

uThungulu House Development trust lease immovable property to the uThungulu Financing Partnership, in terms of a financing lease. The original lease period expires on the 31 October 2017.

Both of the above mentioned entities are incorporated in South Africa.

**34. Going concern**

We draw attention to the fact that at 30 June 2010, the municipality had accumulated surplus of R 580 935 741 and that the municipality's total assets exceed its total liabilities by R 580 935 741.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business, dependant on the receiving of equitable share.

**35. Events after reporting date**

At the date of submission of the annual financial statements there were no known events.

**36. Additional disclosure in terms of the Municipal Finance Management Act**

**Contributions to organised local government**

Current year membership fee	548 786	386 580	548 786	386 580
Amount paid - current year	(548 786)	(386 580)	(548 786)	(386 580)
	-	-	-	-

**Audit fees**

Opening balance	-	22 547	-	22 547
Current year subscription / fee	1 845 219	1 316 317	1 845 219	1 316 317
Amount paid - current year	(200 672)	(1 333 122)	(200 672)	(1 333 122)
Amount paid - previous year	(1 644 547)	(5 742)	(1 644 547)	(5 742)
	-	-	-	-

**PAYE and UIF**

Current year subscription / fee	10 884 912	8 971 006	10 884 912	8 971 006
Amount paid - current year	(10 884 912)	(8 971 006)	(10 884 912)	(8 971 006)
	-	-	-	-

**Pension and Medical Aid Deductions**

Current year subscription / fee	8 482 794	7 132 337	8 482 794	7 132 337
Amount paid - current year	(8 482 794)	(7 132 337)	(8 482 794)	(7 132 337)
	-	-	-	-

**VAT**

VAT receivable	4 349 704	25 970 120	4 349 704	25 970 120
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All VAT returns have been submitted by the due date throughout the year.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand	Group 2010	2009	Municipality 2010	2009
<b>37. Changes in Accounting policy</b>				
The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice and the aggregate affect of the changes in accounting policy of the annual financial statements for the year ended 30 June 2010, due to more relevant and reliable information having become available with regard to inventory that was previously recognised at a notional amount, is as follows:				
<b>Accumulated Surplus</b> as at the 1st of July 2009 as previously reported -		490 501 712		
Adjustment: Change in accounting policy - Grap 12		6 552 035		
Inventory		<u>497 053 747</u>		
<b>Movement in Inventory</b>				
Previously reported as at 30 June 2009		3 164 966		
Adjustment		6 552 035		
Re-stated inventory		<u>9 717 001</u>		
<b>Movement in Net Surplus for the year</b>				
Previously reported surplus as at 30 June 2009		77 279 255		
Other income - donations received		6 914 508		
General expenses - Operational IDP internally funded		(362 473)		
Re - stated surplus		<u>83 831 290</u>		
<b>Movement in Statement of Financial Performance</b>				
Previously reported other income as at 30 June 2009		11 402 449		
Adjustment to Other income - donations received		6 914 508		
		<u>18 316 957</u>		
Previously reported general expenses as at 30 June 2009		135 099 697		
Adjustment to general expenses - operational IDP funded		362 473		
		<u>135 462 170</u>		

**38. Unauthorised, Fruitless & Wasteful and Irregular expenditure**

To the best of our knowledge no known incidences of these expenditure was incurred during the year under review.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

Figures in Rand

Group  
2010

**39. Actual operating, capital and cashflow expenditure versus budgeted operating, capital and cashflow expenditure**

Description R thousands or R	2009/10								
	Original Budget	Budget Adj	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9
<b>Financial Performance</b>									
Property Rates	-	-	-	-	-	-	-	-	-
Service Charges	30 009	-	-	30 009	32 877	-	(2 868)	110%	110%
Investment Revenue	31 045	(4 753)	-	26 292	26 546	-	(255)	101%	86%
Transfers recognized - operational	384 873	(63 848)	-	321 025	282 950	-	38 075	88%	74%
Other own Revenue	62 523	62 180	-	124 703	6 784	-	117 919	5%	11%
<b>Total Revenue (excl cap tranfers and contributions)</b>	<b>508 450</b>	<b>(6 422)</b>	<b>-</b>	<b>502 028</b>	<b>349 157</b>	<b>-</b>	<b>152 872</b>	<b>70%</b>	<b>69%</b>
Employee costs	84 107	1 724	(3 840)	81 991	72 686	-	9 306	89%	86%
Remuneration of Councillors	8 521	(1 500)	431	7 452	5 415	-	2 036	73%	64%
Debt Impairment	1 537	-	629	2 166	3 154	-	(987)	146%	205%
Depreciation & Asset Impairment	15 318	-	-	15 318	23 323	-	(8 005)	152%	152%
Finance Charges	12 421	-	(407)	12 013	8 083	-	3 930	67%	65%
Materials and bulk purchases	14 052	-	3 212	17 264	18 357	-	(1 093)	106%	131%
Transfers and grants	2 123	-	53	2 176	3 476	-	(1 300)	160%	164%
Other Expenditure	292 975	3 041	1 719	297 735	255 374	-	42 361	86%	87%
<b>Total Expenditure</b>	<b>431 054</b>	<b>3 265</b>	<b>1 797</b>	<b>436 116</b>	<b>389 867</b>	<b>-</b>	<b>46 248</b>	<b>89%</b>	<b>90%</b>
<b>Surplus / (Deficit)</b>	<b>77 396</b>	<b>(9 687)</b>	<b>(1 797)</b>	<b>65 913</b>	<b>(40 710)</b>	<b>-</b>	<b>106 623</b>	<b>-62%</b>	<b>-53%</b>
Transfers recognized - capital	125 671	(6 580)	(1 797)	117 295	124 553	-	(7 258)	106%	99%
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus / (Deficit) after capital transfers and contributions</b>	<b>203 067</b>	<b>(16 266)</b>	<b>(1 797)</b>	<b>185 004</b>	<b>83 843</b>	<b>-</b>	<b>101 162</b>	<b>45%</b>	<b>41%</b>
Share of surplus / (deficit) of associate	-	-	-	-	(26)	-	26	-	-
<b>Surplus / (Deficit for the year)</b>	<b>203 067</b>	<b>(16 266)</b>	<b>(1 797)</b>	<b>185 004</b>	<b>83 817</b>	<b>-</b>	<b>101 188</b>	<b>45%</b>	<b>41%</b>
<b>Capital expenditure &amp; fund sources</b>									
<b>Capital Expenditure</b>									
Transfers recognized - capital	125 671	(13 445)	-	112 226	124 553	-	(12 327)	111%	99%
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	42 393	(4 027)	-	38 366	20 056	-	18 309	52%	47%
Internally generated funds	35 003	1 206	(1 797)	34 412	6 007	-	28 405	17%	17%
<b>Total sources of capital funds</b>	<b>203 067</b>	<b>(16 266)</b>	<b>(1 797)</b>	<b>185 004</b>	<b>150 617</b>	<b>-</b>	<b>34 387</b>	<b>81%</b>	<b>74%</b>
<b>Cash Flows</b>									
Net cash from (used) operating	115 947	3 265	1 797	121 009	85 247	-	35 762	70%	74%
Net cash from (used) investing	(103 159)	(16 266)	(1 797)	(121 222)	(152 788)	-	31 566	126%	148%
Net cash from (used) financing	2 530	0	0	2 530	43 872	-	(41 342)	1734%	1734%
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>15 318</b>	<b>(13 001)</b>	<b>-</b>	<b>2 317</b>	<b>(23 669)</b>	<b>-</b>	<b>25 986</b>	<b>-1022%</b>	<b>19.56</b>
Cash and cash equivalents at the beginning of the year	302 003	-	-	302 003	287 283	-	14 720	95%	95%
<b>Cash and cash equivalents at the end of the year</b>	<b>317 321</b>	<b>(13 001)</b>	<b>-</b>	<b>304 320</b>	<b>263 614</b>	<b>-</b>	<b>40 706</b>	<b>87%</b>	<b>83%</b>



APPENDIX A GROUP						
UTHUNGULU DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010						
	Redeemable Rand	Balance at 30 June 2009 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2010 Rand	Carrying Value of Property, Plant & Equip Rand
<b>LONG-TERM LOANS</b>						
INCA @ 13.95%	2014/12/31	21 000 000	-	-	21 000 000	21 000 000
		<b>21 000 000</b>	<b>-</b>	<b>-</b>	<b>21 000 000</b>	<b>21 000 000</b>
<b>ANNUITY LOAN</b>						
INCA @ 11.95%	2023/06/30	29 304 113	-	885 959	28 418 154	-
ABSA @ 12.6%	2024/06/30	-	46 000 000	1 242 057	44 757 943	-
		<b>29 304 113</b>	<b>46 000 000</b>	<b>2 128 016</b>	<b>73 176 097</b>	<b>-</b>
<b>TOTAL EXTERNAL LOANS</b>						
LONG -TERM LOANS		21 000 000		-	21 000 000	21 000 000
ANNUITY LOAN		29 304 113	46 000 000	2 128 016	73 176 097	52 492 722
		<b>50 304 113</b>	<b>46 000 000</b>	<b>2 128 016</b>	<b>94 176 097</b>	<b>73 492 722</b>

**APPENDIX A  
MUNICIPALITY**

**UTHUNGULU DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010**

	Redeemable Rand	Balance at 30 June 2009 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2010 Rand	Carrying Value of Property, Plant & Equip Rand
<b>LONG-TERM LOANS</b>						
INCA @ 13.95%	2014/12/31	21 000 000	-	-	21 000 000	21 000 000
		<b>21 000 000</b>	<b>-</b>	<b>-</b>	<b>21 000 000</b>	<b>21 000 000</b>
<b>ANNUITY LOAN</b>						
INCA @ 11.95%	2023/06/30	29 304 113	-	885 959	28 418 154	-
ABSA @ 12.6%	2024/06/30	-	46 000 000	1 242 057	44 757 943	-
		<b>29 304 113</b>	<b>46 000 000</b>	<b>2 128 016</b>	<b>73 176 097</b>	<b>-</b>
<b>LEASE LIABILITY</b>						
Leased Property @ 23.	2017/03/31	22 334 927	1 160 628	-	23 495 555	9 550 000
		<b>22 334 927</b>	<b>1 160 628</b>	<b>-</b>	<b>23 495 555</b>	<b>9 550 000</b>
<b>TOTAL EXTERNAL LOANS</b>						
LONG -TERM LOANS		21 000 000		-	21 000 000	21 000 000
ANNUITY LOAN		29 304 113	46 000 000	2 128 016	73 176 097	52 492 722
LEASE LIABILITY		22 334 927	1 160 628	-	23 495 555	9 550 000
		<b>72 639 040</b>	<b>47 160 628</b>	<b>2 128 016</b>	<b>117 671 652</b>	<b>83 042 722</b>

**APPENDIX B**  
**GROUP AND MUNICIPALITY**  
**UTHUNGULU DISTRICT MUNICIPALITY : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost/Revaluation			Accumulated Depreciation & Impairment					Carrying Value
	Opening Balance	Additions	Disposal	Closing Balance	Opening Balance	Disposals	Current	Impairments	
<b>Infrastructure - In Construction</b>									
Water Mains and purification	154 958 796	137 256 447	-83 938 752	208 276 491	-	-	-	-	-
	<b>154 958 796</b>	<b>137 256 447</b>	<b>-83 938 752</b>	<b>208 276 491</b>	-	-	-	-	208 276 491
<b>Infrastructure</b>									
Infrastructure Land Servitudes	7 752 718	6 671 546	-	14 424 264	-1 339 285	-	-282 355	-57 933	-1 679 572
Infrastructure Solid Waste Services	30 151 624	30 344 207	-	60 495 831	-13 828 505	-	-5 833 167	-	-19 661 672
Infrastructure Sewerage Services	23 481 326	3 789 476	-	27 270 802	-3 843 587	-	-468 566	-163 505	-4 475 658
Infrastructure Water Services	203 029 003	42 626 416	-	245 655 419	-34 868 652	-	-9 393 666	-369 818	-44 632 136
Infrastructure Plant and Equipment	21 332 057	318 033	-	21 650 090	-6 297 669	-	-1 338 665	-94 650	-7 730 984
Infrastructure Electricity	2 419 402	162 353	-2 581 755	-	-1 716 189	1 770 994	-54 805	-	-0
	<b>288 166 131</b>	<b>83 912 030</b>	<b>-2 581 755</b>	<b>369 496 406</b>	<b>-61 893 887</b>	<b>1 770 994</b>	<b>-17 371 224</b>	<b>-685 906</b>	<b>-78 180 023</b>
<b>Other assets in construction</b>									
Other assets in construction	12 414 153	8 599 234	-20 836 968	176 418	-	-	-	-	-
	<b>12 414 153</b>	<b>8 599 234</b>	<b>-20 836 968</b>	<b>176 418</b>	-	-	-	-	<b>176 418</b>

<b>Other assets</b>									
Motor Vehicles	9 071 329	2 742 345	-	11 813 674	-3 950 520	-	-1 673 149	-	-5 623 669
Computer Equipment	5 839 480	679 019	-693 246	5 825 253	-2 831 361	573 970	-886 667	-	-3 144 059
Land and Buildings	48 077 788	16 480 975	-	64 558 762	-1 716 654	-	-1 354 841	-	-3 071 495
Office Equipment	2 473 780	2 379 208	-211 937	4 641 051	-1 408 122	173 011	-467 135	-	-1 702 245
Furniture	2 521 730	729 933	-54 455	3 197 207	-1 056 401	45 888	-241 433	-	-1 251 945
Plant and Equipment	1 481 180	2 613 121	-15 180	4 079 122	-547 198	13 808	-347 707	-	-881 097
	<b>69 465 287</b>	<b>25 624 600</b>	<b>-974 818</b>	<b>94 115 069</b>	<b>-11 510 256</b>	<b>806 677</b>	<b>-4 970 930</b>	<b>-</b>	<b>-15 674 510</b>
<b>Total carried forward</b>	<b>525 004 366</b>	<b>255 392 312</b>	<b>-108 332 293</b>	<b>672 064 384</b>	<b>-73 404 143</b>	<b>2 577 671</b>	<b>-22 342 155</b>	<b>-685 906</b>	<b>-93 854 533</b>
<b>INTANGIBLE ASSETS</b>									
	2 386 028	-	-	2 386 028	-2 028 793	-	-294 613	-	-2 323 407
<b>TOTAL</b>	<b>527 390 394</b>	<b>255 392 312</b>	<b>-108 332 293</b>	<b>674 450 412</b>	<b>-75 432 937</b>	<b>2 577 671</b>	<b>-22 636 768</b>	<b>-685 906</b>	<b>-96 177 939</b>
									<b>578 272 473</b>

**APPENDIX C**  
**GROUP AND MUNICIPALITY**  
**UTHUNGULU DISTRICT MUNICIPALITY : SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost/Revaluation				Accumulated Depreciation						Carrying Value	
	Opening Balance	Additions Rand	Disposal Rand	Movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Current Rand	Movement Rand	Impairment Rand		Closing Balance
Executive & Council	1 402 430	767 564	-39 201	-7 337	2 123 457	-700 158	31 926	-230 314	7 335	-	-891 210	1 232 246
Finance & Admin	64 862 398	30 426 754	-21 368 836	1 896	73 922 212	-4 755 355	420 272	-2 560 378	-1 894	-	-6 897 355	67 024 857
Planning & Development	727 163	267 795	-237 530	-5 094	752 334	-483 128	217 886	-62 276	3 410	-	-324 108	428 226
Community & Social Services	3 058 210	252 564	-13 940	-323	3 296 511	-335 893	10 596	-173 638	236	-	-498 699	2 797 812
Public Safety	3 275 380	2 301 964	-	-	5 577 344	-732 753	-	-741 021	-	-	-1 473 774	4 103 570
Waste Management	68 231 630	45 724 068	-33 777 165	-	80 178 533	-18 044 782	-	-6 626 919	-	-	-24 671 701	55 506 832
Water	356 567 077	171 064 164	-50 310 533	10 858	477 331 566	-42 506 967	125 487	-11 348 234	-9 087	-464 468	-54 203 270	423 128 297
Electricity	2 419 402	162 353	-2 581 755	-	-	-1 716 189	1 770 994	-54 805	0	-	-	-
Waste Water	24 460 675	4 425 086	-3 333	-	28 882 427	-4 128 918	510	-544 570	-	-221 438	-4 894 416	23 988 011
	525 004 365	255 392 311	-108 332 293	0	672 064 383	-73 404 144	2 577 671	-22 342 155	-0	-685 906	-93 854 533	578 209 850

**INTANGIBLE ASSETS**

Finance & Admin	2 379 718	-	-	-	2 379 718	-2 026 971	-	-292 460	-	-	-2 319 430	60 288
Planning & Development	6 310	-	-	-	6 310	-1 823	-	-2 153	-	-	-3 976	2 334
	<b>2 386 028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 386 028</b>	<b>-2 028 793</b>	<b>-</b>	<b>-294 613</b>	<b>-</b>	<b>-</b>	<b>-2 323 407</b>	<b>62 621</b>

# APPENDIX D

## UTHUNGULU DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

### GROUP

2009 Income Year to date Rand	2009 Actual Expenditure Year to date Rand	2009 Actual Year to date Rand	2009 Surplus / (Deficit) Rand	2010 Actual Income Year to date Rand	2010 Actual Expenditure Year to date Rand	2010\ Surplus / (Deficit) Rand
		24 187 921	(24 187 921)		26 582 209	(26 582 209)
297 498 571	21 799 462	21 799 462	275 699 109	344 337 975	34 925 601	309 412 374
-	25 603 277	25 603 277	(25 603 277)	-	72 793 388	(72 793 388)
478 414	26 183 244	26 183 244	(25 704 830)	807 504	6 537 041	(5 729 537)
-	7 967 471	7 967 471	(7 967 471)	-	8 680 756	(8 680 756)
-	2 434 791.0	2 434 791.0	(2 434 791)	-	3 026 116.5	(3 026 117)
4 678 241	17 260 533	17 260 533	(12 582 292)	5 068 153	9 698 928	(4 630 775)
2 944 125	3 464 590	3 464 590	(520 465)	155 986	345 358	(189 372)
3 468 919	17 528 504	17 528 504	(14 059 585)	3 295 452	16 287 210	(12 991 758)
96 884 241	175 693 872	175 693 872	(78 809 631)	120 044 663	211 016 377	(90 971 714)
<b>405 952 511</b>	<b>322 123 665</b>	<b>322 123 665</b>	<b>83 828 846</b>	<b>473 709 733</b>	<b>389 892 984</b>	<b>83 816 749</b>

# **APPENDIX D**

## **UTHUNGULU DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010 MUNICIPALITY**

	2009	2009	2009	2010	2010	2010	2010\
	Actual	Expenditure	Actual	Actual Income Year	Expenditure Year	Actual	Surplus / (Deficit)
	Income Year to date	Year to date	Year to date	to date Rand	to date Rand	Year	Surplus / (Deficit)
	Rand	Rand	Rand				Rand
	-	24 187 921	(24 187 921)	-	25 810 143	(25 810 143)	
	302 731 991	27 030 438	275 701 553	349 915 175	41 568 299	308 346 876	
	-	25 603 277	(25 603 277)	-	70 862 718	(70 862 718)	
	478 414	26 183 244	(25 704 830)	807 504	6 598 462	(5 790 958)	
	-	7 967 471	(7 967 471)	-	8 572 756	(8 572 756)	
	-	2 434 791.0	(2 434 791)	-	4 326 116.5	(4 326 117)	
	4 678 241	17 260 533	(12 582 292)	5 068 153	9 598 929	(4 530 776)	
	2 944 125	3 464 590	(520 465)	155 986	245 357	(89 371)	
	3 468 919	17 528 504	(14 059 585)	3 295 452	17 135 315	(13 839 863)	
	96 884 241	175 693 872	(78 809 631)	120 044 663	210 752 090	(90 707 427)	
	<b>411 185 931</b>	<b>327 354 641</b>	<b>83 831 290</b>	<b>479 286 933</b>	<b>395 470 186</b>	<b>83 816 748</b>	



## APPENDIX E(1)

## UTHUNGULU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE &amp; EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

	GROUP				Explanation of Significant Variance greater than 10% versus Budget
	2010 Actual Bal Rand	2010 Bud Amount Rand	2010 Variance Rand	2010 Variance	
<b>Revenue</b>					
Service Charges	32 876 681	30 008 790	2 867 891	10%	New customer registered in rural areas
Regional Services Levies - Turnover			-	-	
Interest Earned - External Investments	26 468 420	26 097 219	371 201	1%	
Interest Earned - Internal Investments	78 047	195 000	(116 953)	-60%	No new loans per MFMA
Government Grants and Subsidies	407 502 708	442 509 739	(35 007 031)	-8%	
Other Income	6 783 877	20 130 154	(13 346 277)	-66%	
	<b>473 709 733</b>	<b>518 940 902</b>	<b>(45 231 169)</b>	<b>-9%</b>	
<b>Expenses</b>					
Executive & Council	26 582 209	29 220 037	2 637 828	9%	General savings
Finance & Admin	34 925 601	46 294 343	11 368 742	25%	General savings
Planning & Development	72 793 388	89 072 481	16 279 093	18%	Savings due to grant utilisation.
Community & Social Services	6 537 041	8 180 436	1 643 395	20%	Savings due to grants utilisation.
Public Safety	8 680 756	10 216 282	1 535 526	15%	
Environmental Protection	3 026 117	3 886 879	860 762	22%	General savings
Waste Management	9 698 928	11 619 867	1 920 939	17%	
Electricity	345 358	443 513	98 155	22%	General savings
Waste Water	16 287 210	22 696 439	6 409 229	28%	General savings
Water	211 016 377	212 687 747	1 671 370	1%	The implementation of IAS 39 and Grap 17 have had an impact on the budget.
	<b>389 892 984</b>	<b>434 318 024</b>	<b>44 425 040</b>	<b>10%</b>	

## APPENDIX E(1)

## UTHUNGULU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE &amp; EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

MUNICIPALITY					
	2010 Actual Bal Rand	2010 Bud Amount Rand	2010 Variance Rand	2010 Variance	Explanation of Significant Variance greater than 10% versus Budget
<b>Revenue</b>					
Service Charges	32 876 681	30 008 790	2 867 891	10%	New customer registered in rural areas
Regional Services Levies - Turnover			-	-	
Regional Services Levies - Remuneration	26 468 420	26 097 219	371 201	1%	
Interest Earned - External Investments	78 047	195 000	(116 953)	-60%	No new loans per MFMA
Interest Earned - Internal Investments	407 502 708	442 509 739	(35 007 031)	-8%	
Government Grants and Subsidies	12 361 078	20 130 154	(7 769 076)	-39%	
Other Income					
	<b>479 286 933</b>	<b>518 940 902</b>	<b>(39 653 969)</b>	<b>-8%</b>	
<b>Expenses</b>					
Executive & Council	25 810 143	29 220 037	3 409 894	12%	General savings
Finance & Admin	41 568 299	46 294 343	4 726 044	10%	General savings
Planning & Development	70 862 718	89 072 481	18 209 763	20%	Savings due to grant utilisation.
Community & Social Services	6 598 462	8 180 436	1 581 974	19%	Savings due to grants utilisation.
Public Safety	8 572 756	10 216 282	1 643 526	16%	
Environmental Protection	4 326 117	3 886 879	-439 238	-11%	General savings
Waste Management	9 598 929	11 619 867	2 020 938	17%	
Electricity	245 357	443 513	198 156	45%	General savings
Waste Water	17 135 315	22 696 439	5 561 124	25%	General savings
Water	210 752 090	212 687 747	1 935 657	1%	The implementation of IAS 39 and Grap 17 have had an impact on the budget.
	<b>395 470 186</b>	<b>434 318 024</b>	<b>38 847 838</b>	<b>9%</b>	

**APPENDIX E(2)**  
**GROUP AND MUNICIPALITY**

**UTHUNGULU DISTRICT MUNICIPALITY: ACTUAL VERSES BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDE**  
**30 JUNE 2010**

	<b>Under</b>						
	<b>Additions Rand</b>	<b>Construction Rand</b>	<b>Total Additions Rand</b>	<b>Budget Rand</b>	<b>Variance Rand</b>	<b>Variance %</b>	<b>Explanation of Significant Variances greater than 20% ve</b>
<b>Property, Plant &amp; Equipment</b>							
<b>Executive &amp; Council</b>	767 564		<b>767 564</b>	1 521 963	754 399	50%	Balance carried forward and committed for registry compliance
<b>Finance &amp; Administration</b>	9 413 368	176 418	<b>9 589 786</b>	17 361 436	7 771 650	45%	Balance carried forward for commitments
<b>Planning &amp; Development</b>	267 795		<b>267 795</b>	131 683	-136 112	-103%	Variance based on adjustment budget
<b>Environmental Health</b>				30 000	30 000	100%	
<b>Community &amp; Social Services</b>	252 564		<b>252 564</b>	2 804 458	2 551 894	91%	Balance carried forward and committed
<b>Water</b>	43 151 642	77 750 935	<b>120 902 577</b>	150 453 829	29 551 252	20%	
<b>Waste Management</b>	11 946 903		<b>11 946 903</b>	11 542 942	-403 961	-3%	
<b>Waste Water</b>	4 425 086		<b>4 425 086</b>	829 341	-3 595 745	-434%	Variance based on adjustment budget
	<b>72 689 238</b>	<b>77 927 353</b>	<b>150 616 591</b>	<b>186 600 871</b>	<b>35 984 280</b>	<b>19%</b>	

APPENDIX F

UTHUNGULU DISTRICT MUNICIPALITY: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003  
GROUP AND MUNICIPALITY

Name of Grant & Vote	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
		Mar 09	June 09	Sept 09	Dec 09	Mar 10	Mar 09	June 09	Sept 09	Dec 09	Mar 10	
DISASTER MANAGEMENT	DTLGA	500 000										
REVIEW OF WASTE MANAGEMENT PLAN	DEAT	300 000										
DEVELOPMENT PLANNING SHARED SERVICES	DTLGA	300 000										
IDP REVISION	DTLGA						20 000	222 809				
SOCCER STADIUMS INFRASTRUCTURE	DTLGA							2 595 157				
LOCAL GOVERNMENT FINANCE GRANT	NATIONAL TREASURY			750 000			450 697		123 095	239 994	88 683	
MSIG	COGTA			735 000			135 757		65 875	166 410	383 125	
CORRIDOR DEVELOPMENT	DTLGA				4 000 000		1 557		166 705	408 134	583 835	
ISSUE MANAGER	DWAF			31 800	31 800	31 800		176 000			60 175	
FOSKOR	FOSKOR				90 000					-45 464	34 485	
MUNICIPAL DEVELOPMENT INFORMATION SERVICE	DTLGA					250 000		23 526	116 769		66 267	
STRATEGIC SUPPORT	DWAF					250 000						
GREATER MTONGANENI RETICULATION	PROVINCIAL TREASURY		514 876			1 213 000			1 898 627	7 204 933	5 011 020	
KZIN TREASURY - GAMING LEVIES	PUBLIC WORKS				265 000	351 950						
ASSET DATA COLLECTION												
EPWP INCENTIVE GRANT												
		1 100 000	514 876	1 516 800	4 386 800	2 673 750	608 011	3 868 085	2 361 072	7 974 007	6 227 590	

Note: (No Grants & Subsidies were delayed/ withheld)

This excludes allocations from the equitable share and levy replacement Grant

DEAT - Department of Economic Affairs & Tourism

DTLGA = Department of Traditional & Local Government Affairs, DWAF = Department of Water & Forestry Affairs

DWAF = Department of Water Affairs & Forestry

COGTA = Department of Cooperative Governance and Traditional Affairs

# REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2010

## PURPOSE

The audit committee serves as an independent body which advises the municipal council, the political office bearers, the accounting officer and management staff of the municipality on matters relating to:

- Internal financial control and internal audits
- Risk management
- Accounting policies
- Adequacy, reliability and accuracy of financial reporting and information
- Effective governance
- Compliance with the Municipal Finance Management Act No 56 of 2003, the annual Division of Revenue Act and any other applicable legislation
- Any issues referred to it by the municipality

In addition, the committee must review the annual financial statements to provide council of the municipality with an authoritative and credible view of the financial position of the municipality, its efficiency and effectiveness and its overall level of compliance with applicable municipal legislation.

We present our report for the year ended 30 June 2010.

## AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee has adopted appropriate formal terms of reference as its audit committee charter and consisted of three independent, suitably experienced and outside members as outlined below.

### COMPOSITION AND ATTENDANCE:

Members Name	Qualifications	Designation	Meeting Attendance			
			10/09/09	28/09/09	04/03/10	23/06/10
F. J. Malherbe	CA(SA)	Chairperson (Retired March 2010)	✓	✓	✓	n/a
H. Oosthuizen	CA(SA)	Acting Chair	✓	✓	Apology received	✓
M. Nkopane	MBL, BCOM, MAP	Member	✓	✓	Apology received	✓

The Municipal Manager, the Chief Financial Officer and the Executive Directors: Corporate Services, Technical Services and representatives from both external and internal auditors attend the committee meetings.

## AUDIT COMMITTEE RESPONSIBILITIES

The committee has complied with its responsibilities arising from Section 166(2) b of the Municipal Finance Management Act No 56 of 2003.

The committee also has complied, as far as possible; with its responsibilities set out in its Council approved terms of reference and has discharged all its responsibilities contained therein.

## EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROLS

The Municipality's system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the Municipal Finance Management Act and the King II & III Report's on Corporate Governance requirements, Internal Audit and the Auditor General's report provide the Audit Committee and management with assurance that the internal controls of the Municipality are appropriate and effective. This is achieved by means of a risk review process, testing of controls, as well as the identification of corrective actions and suggested enhancements to controls and processes. From the various reports of the Internal Auditors, the audit report on the Annual Financial Statements, and the management letter of the Auditor General, it was noted that no significant or material non compliance with prescribed policies and procedures have been reported. Accordingly, the Audit Committee can report that the system of internal controls for the period under review appears efficient and effective.

The Committee has urged management to take corrective action to ensure that internal checking and control measures are as effective as possible so as to improve the internal control environment.

## REVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The Audit Committee has noted the unqualified opinion expressed by the Auditor-General in his report on the Annual Financial Statements and commends management on addressing the issues raised in the previous year.

## **Report of the Audit Committee for the Year Ended 30 June 2010 (continued)**

The Audit Committee has also:

- reviewed and discussed the audited Annual Financial Statements, to be included in the annual report, with the Auditor-General, management and the Accounting Officer;
- reviewed the Auditor-General's management letter and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed significant adjustments resulting from the audit; and
- concluded that the going concern premise is appropriate in preparing the Annual Financial Statements.

### **CONCLUSION**

The Audit Committee concurred with and accepted the Auditor-General's conclusions on the Annual Financial Statements for the year ended 30 June 2010 and recommended that the audited Annual Financial Statements be adopted by the Council of the Municipality.

### **APPRECIATION**

On behalf of the Audit Committee, I would like to extend my sincere appreciation to my predecessor Mr. F. Malherbe, whom after many years of committed leadership as the chair has decided to enjoy the fruits of his industrious career and has retired to the Cape. In closing our thanks go to the Municipal manager and his team for their assistance and support during the financial year under review.



---

H. Oosthuizen  
Acting Chairperson

December 2010



# Department of the Chief Financial Officer



**Chief Financial Officer:**  
Candy Staniland

## **Introduction**

The financial department aligns to the national key performance areas of Financial Viability and Management; and per the Integrated Development Plan, is linked to the "Leadership Excellence" strategic objective of the district municipality. Emanating from this strategy our Vision and Mission was adopted as follows.

## **Our vision:**

*"A Finance Department that demonstrates leadership excellence"*

## **The department's mission statement:-**

- Develop and maintain sound financial management;
- Excellent support services for both internal and external stakeholders;
- Economical, effective and efficient service delivery ensuring value for money.

The Department comprises of three operational sections, namely

- Budget & Management accounts
- Revenue
- Expenditure, Supply Chain Management & Assets

## **OVERVIEW**

### **1. Budget & Management accounts**

The Budget & Management section plays an important role in co-ordinating and preparing the multi-year budgets and thereafter continuous monthly monitoring and reporting to Council, Provincial and National Treasury. These financial controls and processes enable the district to promote the development and maintenance of sound financial management.

To note that the 2008/09 Financial Statements are compliant with the Generally Recognised Accounting Practice statements (GRAP) as approved by the Minister in Gazette 300013 dated May 2008.

The Accounting Service Board (ASB) during the 2008/09 financial year issued various circulars to assist municipalities with the implementation of the GRAP statements. In respect to directive 5 (assets transferred to the municipality) it allows for municipalities to recognise these assets in 2008/09, thereafter allowing a further two years for the measurement and updating in the asset register. We have taken advantage of this directive and by 2010/11 all assets transferred will be included in the asset register.

## 2. Revenue

With an active debtor database of over 20 000, the revenue section is tasked with ensuring that all consumed services are billed for timeously and payment thereof is received.

To serve our customers more efficiently fully operational satellite offices are situated at Nkandla, Melmoth, Eshowe, Gingindlovu, Mtunzini and Kwambonambi. Their purpose is to provide convenient access to the residents of the entire District who wish to pay an account or make enquiries about Municipal services.

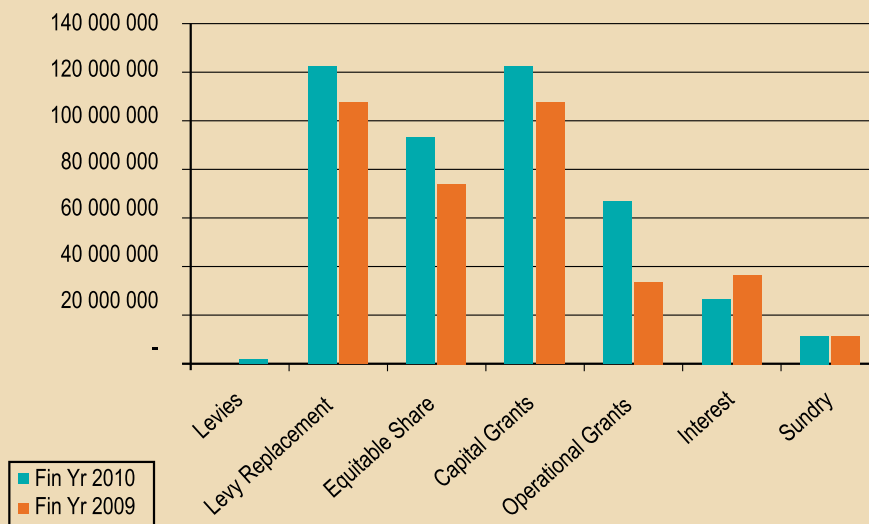
Working together with the Technical Department and community development officers, the revenue section plays a crucial role in ensuring that not only do we meet our strategic objectives of providing potable water and safe sanitation to all, but we also maintain long term financial sustainability.

### Revenue statistics for 2009/10

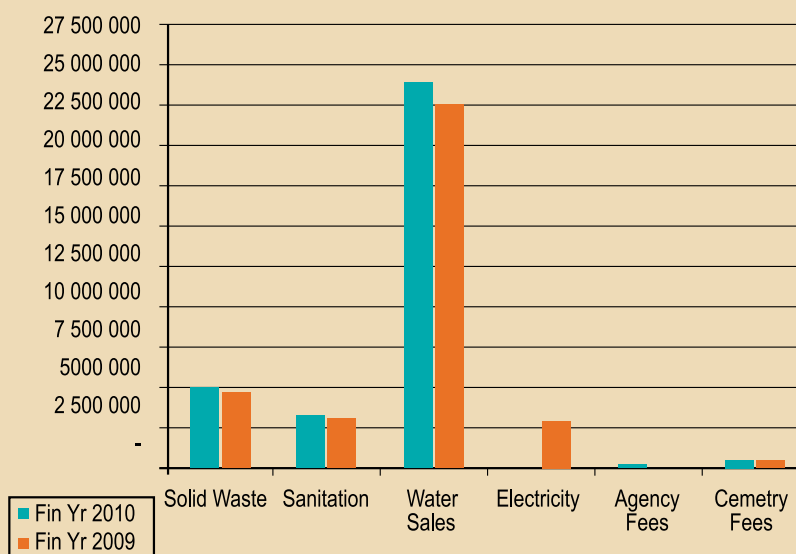
The total revenue as reflected in the 2009/2010 Statement of Financial Performance is R476 million (2008/2009 R404 million); this comprises National and Provincial grants, trading and non trading revenue.

### Grants & subsidies

Trading revenue in comparison to the total revenue received over the years equates to 7% (2008/2009 8%).



For the year under review Grants and subsidies increased by 26% in comparison to 2009, being R322 million and R406 million respectively. This accounts for 85% of the total revenue of the District, however this includes interest, amounting to R27 million.



The trading services for 2009/10 totaled R32.9 million (2008/09: R 33,5 million); this comprises cemetery revenue, agency fees, sewerage and sanitation charges, refuse removal and the sale of water.

The Trading services revenue decreased by 2% in comparison to 2009; this accounts for 7% of the total revenue of the municipality. The increase was mainly in the water services which was as a result of striving to roll out service delivery to all residents, where meter installations have been a priority, thereby assisting with the increasing of our debtor base, which leads to revenue enhancement.

## Debtors

A contentious issue attracting considerable publicity in the past year was the growing amount of debts owed to South African Municipalities and the negative repercussions thereof. Collection of municipal debts has always been a challenging task with consideration to the fact that 80% of our residents are rural. Adding further challenges is the recent worldwide recession that has rendered many of our residents in a less favorable financial position.

In an attempt to prevent our outstanding debts from spiraling out of control we have firmly adhered to the credit control policy as approved by Council. We further implemented additional policies which are designed to alleviate some of the financial burdens of the poor and aged eg. Indigent and Incentive policies.

In order to effectively promote Council's policies and reach out to those that would directly benefit thereof; the department has embarked on a program to hold after-hours workshops within the various suburbs of the District. These workshops are to afford residents individual assistance with matters pertaining to arrears and the indigent and incentive policies.



The following table depicts the outstanding debt as at the 30th of June 2010 per the trading service category.

	2010	2009
<b>Debtors (Rm)</b>		
Electricity	0.0	0.5
Water / Sundries	20.0	16.0
Sanitation	3.7	7
Solid waste	1.3	1.0
Sundry Debtors	6.6	0
<b>Consumer Debtors</b>	<b>31.6</b>	<b>24.5</b>

In 2009/2010, the Service debtors increased from R 24.5 million to R 31.6 million due to:

- Sundry debtors, include co-funding contributions from various stakeholders towards joint and shared service projects.
- An increase in the number of water debtors

The total provision for doubtful debts amounted to 54% of consumer debtors in 2010 (56.7% 2009).

	2010		2009	
	R	%	R	%
Current (0-30 days)	7	22.1	6.6	27.3
31 – 60 Days	3.5	11.1	2.1	8.5
61 – 90 Days	1.3	4.1	1.2	4.9
91 – 120 Days	1.2	3.9	.07	.03
121 Days and greater	18.6	58.8	14.5	59
<b>Total</b>	<b>31.6</b>	<b>100</b>	<b>24.5</b>	<b>100</b>

The statistics indicate the economic climate experienced by the District Municipality whereby consumers are unable to meet their current obligations. This has necessitated Council to explore mechanisms to assist customers to settle their debts as well as to make services more affordable to the poor and aged.

The combined application of the indigent, incentive and tariff policies together with a firm commitment to engage our consumers through regular one-on-one revenue workshops demonstrates our pledge to curb the increasing debts.

## Government Debts

It is noted that in 2010 outstanding government debt constituted 26.7% of the total outstanding debtors (17.2% -2009). Assistance from the office of the Premier as well as the MEC of Finance has been sought in this regard, and it is envisaged that with their interventions we would be able to curb the increasing government debts.

## Debtors age analysis: aging service debtors

The total debtors' age analysis records for water, sewerage, solid waste and electricity (Nkandla town), indicate that a considerable portion of trade debtors have outstanding balances greater than 121 days (R 14.5million).

	2009		2008	
	R	%	R	%
Current (0 – 30 days)	6.6	27.3	4.1	21.3
31 – 60 days	2.1	8.5	2	10.2
61 – 90 days	1.2	4.9	1.6	8
91 - 120 days	.07	0.3	1.2	6
121 - 365 days	14.5	59	10.8	54.5
<b>Total</b>	<b>24.5</b>	<b>100</b>	<b>19.7</b>	<b>100</b>

The statistics indicate the economic climate experienced by the District Municipality whereby consumers are unable to keep current obligations up to date. Council has taken cognizance of these hardships faced by our consumers and embraced an incentive strategy, approved in March 2008 (UDMC: 619) in which an Incentive Scheme allows for our domestic consumers who have long outstanding debts to be eligible to participate in the scheme.

The provisions of the said policy allow the council to write off 1/9 of the outstanding debt after each 4 consecutive month's payments that are received on or before the due date in full. The write-off process will

continue until the debt is written off in full. Further full Municipal services shall be made available, and no penalties, interest or legal costs shall be levied to the customer.

The development of the incentive policy aims at encouraging a culture of payment and going forward, this policy should greatly assist in reducing the long outstanding debtors.

In addition the indigent policy assists consumers who are unable to pay their accounts to come forward and register as an indigent. In the 2007/08 financial year an additional stepped tariff was implemented for water consumed of 7- 10 kl, in order to assist consumers.

### Investments

The approved investment policy regulates all investments placed during the year. The following schedule reflects the total investment portfolio of the Council for the year under review.

Bank	Maturity	Amount
ABSA	2010/07/29	10 000 000.00
ABSA	2010/09/15	15 000 000.00
ABSA	2010/08/10	10 000 000.00
Nedbank	2010/07/07	25 000 000.00
Nedbank	CALL	10 000 000.00
Standard Bank	2010/08/06	25 000 000.00
Standard Bank	2010/09/07	20 000 000.00
Standard Bank	2010/08/17	10 000 000.00
First National Bank	2010/08/06	25 000 000.00
First National Bank	2010/09/08	25 000 000.00
Investec	2010/07/07	15 000 000.00
Investec	2010/09/15	10 000 000.00
Investec	2010/10/07	20 000 000.00
Investec	2010/09/16	10 000 000.00
Investec	2010/10/15	10 000 000.00
		240 000 000.00

The interest earned from the investment of Council funds has over the years been a notable contributor to total revenue. During the year under review the interest income has reduced primarily due to the decrease in lending rates offered by financial institutions.

### Credit rating

Council has enlisted the services of Messrs Global Rating to analyse our financial records and to issue a credit rating which indicates the ability and willingness of a debt issuer (a borrower) to repay its obligations in full and on time. (It is an opinion on credit worthiness). The opinion is expressed through rating symbols and each symbol has its own definition.

	2009	2008	2007
Long Term	A-	A-	A
Short Term	A1-	A1-	A1-

### Key:

#### Long Term

A High certainty of timely payment. Liquidity factors are excellent and are supported by good fundamental protection factors. Risk factors are very small.

A- High credit quality. Protection factors are good, however, risk factors are more variable and greater during periods of economic stress.

#### Short Term

A1 High certainty of timely payment. Liquidity factors are excellent and are supported by good fundamental protection factors. Risk factors are minor.

A1- High certainty of timely payment. Liquidity factors are strong and are supported by good fundamental protection factors. Risk factors are very small.

### External loans

The district municipality's total loans taken amount to R97 million accounts for 15,6% (2008/2009 7%) of the total approved budget.

Bank	Capital Amount	Redemption
ABSA	46 000 000.00	2024/06/30
INCA	21 000 000.00	2015/12/31
INCA	30 000 000.00	2023/06/30
Total	97 000 000.00	

## 3. Supply Chain Management, Expenditure & Assets

### Supply Chain Management

The fourth update of the Supply Chain Management Policy has been approved by Council on (UDMC: 1330) on 25 March 2010 and has since been implemented as such and in accordance with the Municipal Finance Management regulations.

The most important challenge for the Supply Chain Management section is to maintain and adhere to all relevant policies and legislation and to streamline existing processes, thereby enhancing service delivery internally and to the community at large.

During the 2009/2010 financial year there were a total of 57 tenders awarded. The awarding of these tenders have been made possible by the commitment of the members of the Bid Specifications, Bid Evaluation and Bid Adjudication committees, who meet on a regular basis to ensure the awarding of tenders occur as efficiently and as effectively as possible. Also to be mentioned are all the non-committee members who have shown their dedication to make this process a success. The total value of the top ten tenders awarded amounts to R 57 547 053.13.

It must be noted that the above-mentioned amount excludes all rates-based tenders.

The top ten tenders awarded for the year are as follows: -

Date of Approval	BAC No.	Tender no.	Description	Tendered	Amount (incl VAT)
21 Sept 2009	UDMBAC: 365	UDM/MIG/02/2009	Tender for Greater Mthonjaneni Water Supply Phase 2A & 2B-Construction of Concrete Reservoirs and Elevated Tanks	Juvansu Trading ccT/A Mazcon Civil & Building Contractors	R 10 557 868.05
14 May 2010	UDMBAC:414	UDM/04/2008	Tender for the establishment of a database of Consultants to undertake Infrastructure Projects for the uThunguu District Municipality for the period ending 30 June 2010 (Phase 2): Appointment of Civil Engineering Consultant for Greater Mthonjaneni SSA 2	Siyenza	14% of estimated project value of R 47 857 947.00 at risk i.e. R 6 700 112.50
14 May 2010	UDMBAC: 414	UDM/04/2008	Tender for the establishment of a database of Consultants to undertake Infrastructure Projects for the uThunguu District Municipality for the period ending 30 June 2010 (Phase 2): Appointment of Civil Engineering Consultant for Greater Mthonjaneni SSA 5	Ilifa Projects	14% of estimated project value of R 47 078 511.00 at risk i.e. R 6 590 991.50
14 May 2010	UDMBAC: 414	UDM/04/2008	Tender for the establishment of a database of Consultants to undertake Infrastructure Projects for the uThunguu District Municipality for the period ending 30 June 2010 (Phase 2): Appointment of Civil Engineering Consultant for Middledrift SSA 5-Bulk	BKS	14% of estimated project value of R 39 920 764.00 at risk i.e. R 5 588 906.90
14 May 2010	UDMBAC: 414	UDM/04/2008	Tender for the establishment of a database of Consultants to undertake Infrastructure Projects for the uThunguu District Municipality for the period ending 30 June 2010 (Phase 2): Appointment of Civil Engineering Consultant for Middledrift SSA 5-Bulk	Aurecon	14% of estimated project value of R 37 178 470.00 at risk R 5 204 985.80
28 Jan 2010	UDMBAC: 389	UDM/MIG/13/2009	Tender for the Construction of 2 New Pump Stations, a New Bulk Pipeline and Upgrade of a Water Treatment Facility at Ntingwe	Umzinyathi Construction	R 4 952 362.01
14 May 2010	UDMBAC: 414	UDM/04/2008	Tender Tender for the establishment of a database of Consultants to undertake Infrastructure Projects for the uThunguu District Municipality for the period	Eyethu Engineering	14% of estimated project value of R 34 951 334.00 at risk i.e. R 4 893 318.67

Date of Approval	BAC No.	Tender no.	Description	Tendered	Amount (incl VAT)
			ending 30 June 2010 (Phase 2): Appointment of Civil Engineering Consultant for Kwahloko SSA 1-Bulk		
14 May 2010	UDMBAC: 414	UDM/04/2008	Tender for the Establishment of a Database of Consultants to Undertake Infrastructure Projects for the uThungulu District Municipality for the period ending 30 June 2010 (Phase 2): Appointment of Civil Engineering Consultant Middledrift SSA 5- Reticulation	Sivest SA	14% of estimated project value of R 33 753 299.00 at risk i.e. R 4 725 461.80
14 May 2010	UDMBAC: 413	UDM/04/2008	Tender for the Establishment of a Database of Consultants to Undertake Infrastructure Projects for the period ending 30 June 2010 (Phase 2): Appointment of Civil Engineering Consultant for Nkandla-Vutshini SSA-5	ZAI	14% of estimated project value of R 30 021 735.00 at risk i.e. R 4 203 042.902
14 May 2010	UDMBAC: 414	UDM/04/2008	Tender for the Establishment of a Database of Consultants to Undertake Infrastructure Projects for the uThungulu District Municipality for the period ending 30 June 2010 (Phase 2): Appointment of Civil Engineering Consultants for Vutshini Phase 1	Biggar Engineering	14% estimated project value of R 29 500 000.00 at risk i.e. R 4 130 000.00

#### Procurement / Expenditure

The following is a summary of orders that have been placed during the 2009/2010 financial year. As can be seen, there is an increase on the previous financial year, which is an indicator that service delivery is on the increase.

Purchases 2009/2010			
Direct purchase orders processed			
Order count	Total Value 09/10	Previous Period 08/09	Increase in value
2326	25 450 746.52	21 275 307.62	4 175 438.90
Stock orders processed			
Order count	Total Value	Previous Period	Difference
124	3 762 175.61	2 067 502.12	1 694 673.49
Total purchase orders processed			
Order count	Total Value	Previous Period	Difference
2450	29 212 922.13	23 345 440.75	5 867 481.38



## Stores (Logistics)

The following is a summary of stock holding and movements at all four stores under the control of uThungulu District Municipality, during the 2009/2010 financial year.

Store 2009/2010	Opening Balance	Closing Balance	Movement
Empangeni Store	2 114 150.02	2 663 889.45	549 739.43
Mthonjaneni Store	101 719.80	102 634.99	915.19
uMlalazi Store	680411.76	5 334 609.29	4 654 197.53
uThungulu Store	82 103.34	96 246.56	14 143.22

Stock Received	2009/10	2008/09	Movement
Empangeni	4 043 405.47	1 717 055.53	2 326 349.94
Mthonjaneni	46 049.49	49 101.49	3 052.40
uMlalazi	391 266.88	286 374.01	104 892.37
uThungulu	101 171.53	97 896.92	3 274.61

## Database

We undertook an upgrade to the accredited list of suppliers (Database) to make it more automated. This effort was initiated to eliminate human intervention when requesting quotations and was completed in October 2009. Testing commenced thereafter and the system was fully operational in February 2010.

Council's database is web-based and suppliers can apply online as well as manually.

The current status of approved service providers on the database is as follows:

- 158 - Consultants
- 424 - Contractors
- 143 - Co-operatives
- 43 - Other
- 49 - Professional Services
- 614 - Suppliers
- 2 - Voluntary Associations

## Payments

The following is a short summary of payments to creditors that were made during the 2009/2010 financial year. As can be seen, there has been an increase over the previous financial year, which is an indicator that service delivery is on the increase.

Payments			
Combined store orders payments			
Cheque count	Total Value 09/10	Previous Period 08/09	Increase in value
22	3 226 269.13	2 889 308.12	336 967.01
Direct purchase orders payments			
Cheque count	Total Value 08/09	Previous Period 07/08	Increase in value
1327	22 73 049.65	17 992 955.24	4 080 094.41

Stock orders payments			
Cheque count	Total Value 09/10	Previous Period 08/09	Increase in value
87	22 073 049.65	17 992 955.24	1 453 337.15

Other payments			
Cheque count	Total Value 09/10	Previous Period 08/09	Increase in value
4884	325 670 164.55	293 615 486.16	32 054 678.39
<b>Total purchase orders payments</b>			
Cheque count	Total Value	Previous Period	Increase in value
6320	354 200 797.96	316 275 721.00	37 925 076.96

## Assets

High capacity municipalities throughout South Africa were compelled by legislation to comply with the GRAP 17 accounting standard by 30 June 2009. In order to ensure compliance the Department embarked on a strategy which commenced into 2007 wherein all assets were identified, assessed and recorded, which has culminated in a Fixed Asset Register that is fully compliant with GRAP Statements and directive 5 as issued by the Accounting Standards Board in March 2009. Furthermore, an Asset Care Centre has been established and through this initiative we are able to ensure that all our assets will be optimally used to ensure the highest service delivery.

## EXPRESSION OF APPRECIATION

It is appropriate that a sincere note of appreciation is expressed to the staff members of the municipality, especially those in my department, who have provided ongoing support to me for the past financial year. A word of gratitude is extended to the Municipal Manager for his guidance and dedication to the municipality and the community, under whose leadership the district continues to grow into one of the most respected districts in the country. My gratitude is further extended to His Worship the Honourable Mayor, Ald S.B. Larkan, for his support and assistance during the 2010 financial year.



# Department of Corporate Services



**Executive Director Corporate Services:**  
Krishen Moodley



The Corporate Services Department is divided into four functions –

- Management services
- Administrative Services
- Community services
- Information Technology

## **Management Services**

As a sub-directorate of the Corporate Services Department, the Management Services Section provides a comprehensive service to all of its employees in terms of the following:

- Recruitment & Selection (Permanent, Contract & Temporary)
- Manpower Planning & Budgeting
- Employment Equity
- Skills Development
- Employee Benefits
- Labour Relations
- Occupational Health & Safety
- Bursaries & Learnership Administration
- Drafting of Policies & Procedures
- Employee Assistance Programme
- Induction

## **Recruitment**

During the period 01 July 2009 to 30 June 2010, 37 new employees were recruited, 17 were promoted and 3 were laterally transferred by the municipality.

The total staff complement (permanent & contract) as at 30 June 2010 is 276 employees. The staff complement breakdown per department is as follows:

Department	Staff Compliment
Municipal Manager	18 (Planning & MM)
Corporate Services	61
Financial Services	64
Technical Services	133

The Employment Equity Committee held 4 meetings in 2009/10 financial year, as follows:

- 13 July 2009
- 23 September 2009
- 19 April 2010
- 19 July 2010

The Employment Equity Report of the uThungulu District Municipality was successfully completed, approved and submitted to the Department of Labour (DOL) by 01 October 2009.

uThungulu District Municipality Workforce Profile As At 30 June 2010											
	Male					Female					
Occupational Level	African	Coloured	Indian	White	Male Total	African	Coloured	Indian	White	Female Total	% ofPDIs
Top Management	2	0	0	1	3	0	0	1	1	2	4
	40%	0%	0%	20%	60%	0%	0%	20%	20%	40%	80%
Senior Management	3	0	0	1	4	1	0	1	3	5	8
	33%	0%	0%	11%	44%	11%	0%	11%	33%	56%	89%
Professionally qualified, experienced specialists and mid- management	7	0	2	2	11	6	0	3	3	12	21
	30%	0%	9%	9%	48%	26%	0%	13%	13%	52%	91%
Skilled technical, academically qualified and jnr management	24	1	1	3	29	8	0	1	1	10	36
	62%	3%	3%		74%	21%	0%	3%	3%	26%	
Semi-skilled and discretionary decision making	29	0	1	2	32	36	4	13	10	63	93
	31%	0	1%	2%	34%	38%	4%	14%	11%	66%	98%
Unskilled and defined decision making	98	0	0	0	98	19	0	0	0	19	117
	84%	0	0%	0%	84%	16%	0%	0%	0%	16%	100%
<b>Total Permanent</b>	<b>163</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>177</b>	<b>70</b>	<b>4</b>	<b>19</b>	<b>18</b>	<b>111</b>	<b>279</b>
	57%	1%	1%	3%	61%	24%	1%	7%	6%	38%	97%
Non-permanent employees	0	0	0	0	0	0	0	0	0	0	0
	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Total</b>	<b>163</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>177</b>	<b>70</b>	<b>4</b>	<b>19</b>	<b>18</b>	<b>111</b>	<b>279</b>
	57%	1%	1%	3%	61%	24%	1%	7%	6%	38%	97%

Total number of employees includes those who are on a fixed-term contract.

**Please note: As per Department of Labour:**

Temporary employees are defined as workers who are employed to work for three consecutive months or less.

## Skills Development

During the period 01 July 2009 to 30 June 2010 financial year, skills development was afforded to the following occupational categories:

Occupational Categories	Number Of Employees Trained
Councillors	24
Directors and Corporate Managers	5
Professionals	14
Technicians & Trade Workers	31
Community and Personal Service Workers	5
Clerical and Administrative Workers	48
Machine Operators and Drivers	36
Labourers	37
<b>Total</b>	<b>200</b>

The 2009/2010 Annual Training Report and the 2010/2011 Workplace Skills Plan was approved by the Training Committee at its meeting held on 28 June 2010 and was successfully submitted to LGSETA by the deadline of 30 June 2010. Levy grants totalling an amount of R198 965.44 were received from LGSETA for the period 2009/2010.

### Adult Basic Education & Training (ABET)

A tender was awarded to an external service provider for the provision of ABET for the period of two years ending on 30 June 2010. An amount of R220 000.00 was budgeted for ABET for this period. At the end of 2009/2010, the following number of learners per area participated in the programme:

Richards Bay	
English Level 1	English Level 2
6	6

- Learners in Richards Bay wrote their exams in April 2010. Five (5) learners passed in English Level 1.

Mthunzini/Gingindlovu	
English Level 1	English Level 2
2	6

- Learners at Mthunzini/Gingindlovu wrote their exams in May 2010. Two (2) learners passed in English Level 1.

Eshowe		
IsiZulu Level 1	English Level 1	English Level 2
3	3	7

- Learners at Eshowe wrote their exams in May 2010. One learner passed English Level 1; 7 learners passed English Level 2; one learner passed English Level 3.

- The Nkandla group wrote their exams in May 2010. One learner passed English Level 1 and one learner passed English Level 3.

Occupational Categories	Below NQF 1	NQF 1	NQF 2	NQF 3	NQF 4	NQF 5	NQF 6
Councilors			2	3	9	10	9
Directors & Corporate Managers						2	6
Professionals					4	5	10
Technician & Trade Workers	4			1	14	6	10
Community & Personal Service						3	2
Clerical & Administrative				1	38	32	12



Occupational Categories	Below NQF 1	NQF 1	NQF 2	NQF 3	NQF 4	NQF 5	NQF 6
Machine Operators & Drivers	31	1	2		14		
Labourers	33		1	4	24		

Qualification Profile 2009/2010	
Total number of employees with an NQF Level 1 and below	69
Employees with and NQF Level 1 and below as a % of total employees	22%
Total number of employees with an NQF Level 2, 3 and 4	117
Employees with and NQF Level 2,3 and 4 as a % of total employees	38%
Total number of employees with an NQF Level 5 and above	124
Employees with and NQF Level 5 and above as a % of total employees	40%

### Bursaries

The following numbers of bursaries were awarded during 2009/2010.

Bursary Type	Number Awarded
Officials	15 existing bursary holders
	5 newly awarded in 2009/10
Dependants	6 existing bursary holders
	2 newly awarded in 2009/2010
External Bursaries	4 bursaries
	1 sponsorship

### By Gender

Bursary Type	Number Awarded	Gender
Officials	18	Female
	2	Males
Dependants	7	Females
	1	Male
External Bursaries	1	Female
	4	Male

### By Race Group

Bursary Type	Number Awarded	Race
Officials	5	Indian
	12	African
	2	White
	1	Coloured
Dependants	1	Indian
	4	African
	2	White
	1	Coloured
External	5	African

### Dependants Bursaries

The Municipality pays 70% towards the dependant's tuition fees,

accommodation, textbooks and notes.

### External Bursaries

#### *National Diploma in Civil Engineering & Information Technology*

The Municipality has awarded 4 students with a 100% bursary towards their tuition, accommodation, textbooks and meal fees. Two of these students are studying towards their National Diploma in Civil Engineering and are required to carry out in-service training with the Municipality during the academic year. The students carried out their in-service training during the academic holidays from January - June 2010. Two students were awarded a bursary to study National Diploma in Information Technology and subsequently completed their diplomas at the end of December 2009. The 2 graduates carried out further in-service training during the period 01 January to 30 June 2010. As of 01 July 2010, the IT graduates will be absorbed into the organization into Junior IT Technician positions.

### Sponsorship

The Municipality has sponsored 1 student with a 100% sponsorship to study BSc with Hydrology as a major (1st year).

### Learnership

The Department of Local Government and Traditional Affairs in partnership with the LGSETA and the Association of Accounting Technicians (South Africa, AAT (SA) has delivered a brand new qualification that is called the Local Government Accounting Certificate Programme. The qualification is a financial qualification at NQF3 that is recognized by both LGSETA and FASSET (the Seta for Finance, Accounting, Management Consulting and Other Financial Services) and leads towards professional body membership of AAT (SA). The qualification is also internationally recognized and forms the first step in a pathway leading towards a financial management qualification. Currently uThungulu District Municipality has 10 Officials who are participating in this programme which commenced in August 2009 and ends in September 2010. The Learnership is funded by Local Government Sector of Education & Training Authority (LGSETA).

### Occupational Health & Safety

#### 1. Health and Safety Inspections

The annual inspection of water plants was conducted in March 2010.



The comprehensive progress report was addressed at the Health and Safety meeting held on the 10th of June 2010. Identified hazards and risks are being addressed.

## 2. Incidents

The following incidents were reported for the period 01 July 2009 to 30 June 2010:

- Injuries on duty referred to the doctor – 10
- Minor injuries – 3

## 3. Health and Safety Meetings

The Health and Safety Committee met quarterly on the following dates.

- 18 September 2009
- 11 December 2009
- 11 March 2010
- 10 June 2010

## 4. Occupational Medicals

The occupational medicals for 99 employees based at the water plants and cemetery were conducted on the 19th and 20th of November 2009. Doctor's recommendations are being implemented. The occupational medicals for 47 sewerage employees were conducted on the 9th and 10th of June 2010, results have been submitted to Supervisors and Head of Department in order to implement the Doctor's recommendations.

## 5. Employee Assistance Programme (EAP)

ICAS conducted EAP briefings for new employees on the 9th of December 2009. EAP utilization reports are submitted quarterly and annually. The overall engagement rate was 17.9% during the period under review which compares to 19.9% during the previous year and 8.1% across all ICAS clients.

## 6. Substance Abuse

Breath alcohol tests are conducted randomly in all water plants and results are submitted monthly to the OHS Officer. All Breathalyzers were calibrated on 11 March 2010. 7.1% of UDM employees were assisted by ICAS for addictive behavior.

## 7. Health And Safety Training

- 7 Employees were appointed as Health and Safety Reps and were trained in February 2010.
- 6 First Aiders were trained in August and September 2009.
- 80 Employees were trained on Basic Fire Fighting in September and October 2010
- 24 Water plant employees were trained on the use of Brush cutters in October 2009
- 55 Water plant employees were trained on the safe handling of chlorine in April 2010

## Industrial Relations

Finalized Discipline & Grievance Report:  
July 2009 - June 2010

1. Discipline		
Outcome:		
Dismissals	-	5
Withdrawn	-	1
Final written warnings	-	2
Appeal – re-instated	-	2
Resignation	-	1
Written Warnings	-	3

Not guilty - 1

2. SALGBC (Disputes): 6 matters were referred to the Bargaining Council.
3. Grievances: 8 grievances were lodged with the Municipal Manager's office.
4. SAMWU Strike
5. On 12 April 2010 SAMWU embarked on a nation-wide strike in relation to the Disciplinary Code, Job Evaluation & Wage Curve dispute.  
The uThungulu District Municipality had 100% attendance during the week-long strike that affected other Municipalities in the area. Gratitude should go to our employees for putting the interests of our communities first. This may be attributed to the ongoing vigilance in the conduct and management of labour relations within our Municipality.

## Employee Benefits: As At 30 June 2010

### Labour Turnover

Category	Number of Leavers
African	25
Indian	1
Coloured	
White	1
PWD	

Gender	Number of Leavers
Male	23
Female	4

Age Group	Number of Leavers
Under 25	1
25 – 34	5
35 – 44	10
45 – 54	5
55 and over	6

Reasons for Leaving	Number of Leavers
Personal (Resignations)	12
Job Related (Dismissals)	5
Ill- Health	3
Retirement	5
Retrenchment	
Other (Death)	2

Each new employee is subjected to a Comprehensive Induction Programme in respect of an overview of the municipality, policies & procedures, health & safety, labour relations, employee wellness & employee benefits.

Each new employee is provided with a pocket size induction manual which provides an overview of the Induction Programme as well as a

welcome basket.

A new personnel records filing system is in the process of being set up in accordance with the National Archives Act. A new filing cabinet system was supplied and installed during the month of June 2010. This new system will make for a more effective and efficient personnel record filing system.

#### **Administrative Services**

The Constitution, 1996 provides that "everyone has a right to administrative action that is lawful, reasonable and procedurally fair". This entitlement extends to municipal departments and must be eminent in their administrative practices.

To give effect to this provision, the uThungulu District Municipality through its Administrative Services Section has the following core functional areas:

#### **Records Management and Registry Section:**

This section is responsible for the process of ensuring the proper creation, maintenance, use and disposal of records to achieve efficient, transparent and accountable governance. This Section's actions are bound by the statutory and regulatory framework in which sound records management practice is found i.e. The National Archives and Records Service of South Africa Act (Act No 43 of 1996 as amended) and The Promotion of Access to Information Act (Act No. of 2000). Furthermore the Records Management Policy has been approved by Council to ensure that this Council promotes transparency, accountability and effective governance by empowering and educating the officials to understand and exercise their rights. Council makes use of E-Docs for its electronic record management and makes use of Metro file for off site record keeping. An Access to Information Manual is updated and submitted to relevant government departments annually to facilitate access to information. The Records Room and Library was recently revamped, making Council compliant in terms of the Act and the Audit queries received. The Section will liaise with National Treasury in terms of disposals that need to be done.

#### **Secretariat Services**

The Admin Section is responsible for managing the provision of secretariat support to the committees within the municipality. It arranges all meetings including logistical requirements, drafting of agendas and minutes of meetings. The quality control of all documents, agendas and minutes that are distributed to the committee members is part of the responsibilities of the Section Head. It also keeps track of the decisions taken at committees. It is again tasked to ensure that all meetings take place according to the agreed programme and according to the Terms of Reference of respective committees. The Committee Section has serviced approximately 170 statutory meetings during the financial year.

#### **Fleet**

The Council through its Pool Motor Vehicle Policy and Procedures controls the utilization and gives guidance to officials and councillors on vehicle utilisation. It controls the day to day management of the municipal fleet. The pool vehicles may only be used by licensed employees who are not on the subsidised scheme, to perform their duties. Through the monthly reporting to Management and quarterly to the Performance Panel, Council prevents unnecessary costs from

occurring. Currently the policy on Upper Limits of Remuneration for Councillors, touching specifically on travel allowances and out of pocket expenses is being reviewed due to the policy having some grey areas.

#### **Maintenance Control Section**

The maintenance of the building is co-ordinated by the Auxiliary Officer in conjunction with the Building Inspector. The building renovations were completed and handed over to uThungulu. The new name of the building is Mangosuthu Buthelezi House.

#### **Communication Services**

All Council's external and internal communication flow is controlled by Admin Services which reports bi-annually on statistics. Through the MAN3000 the Municipality is able to monitor the flow of calls and control excessive use of Municipality's budget and time by making employees pay for all personal calls. Users are also monitored via the Top 10 Telephone Users Report that is submitted monthly to Management. All mail received is scanned into the electronic system for record purposes and routed to the intended recipients for action. Communication is expeditious and effective.

#### **Councillor Support**

To ensure that every councillor participates meaningfully in meetings of Council, Councillors are provided with continuous support from the Administrative Section. The Municipality through the Admin Section ensures that its Standing Rules of Order are in line with the legislation and drafted in such a way that all Councillors can understand them to exercise their democratic right to participate in Council and Committee meetings. As applicable to all By-laws Council's Standing Rules of Order has been revised, approved by Council and sent to all relevant Government Departments for publication.

#### **Physical Security**

Admin Section has been assigned with the responsibility of implementing and managing physical security within Council. This covers physical security measures for the safeguarding of the premises, people, equipment and assets. With the completion of the building, the installation of surveillance cameras have been commissioned to enforce and improve the security measures within the premises. The building has been revamped to allow one point of access to the building via the main entrance as opposed to the previous multi-point access.

#### **Community Services**

The Community Services Directorate has as its mandate the responsibility of driving those municipal programmes that are essential for the social development and well-being of communities within the District. The key services delivered through this Directorate are:

- Municipal Health Services
- Disaster Management and Fire-Fighting Services
- Regional Cemetery Facilities
- Sport and Recreation
- Programmes for the marginalized
  - Gender Equality
  - Disability Programme
  - HIV/AIDS Programme
  - Senior Citizens
  - Children's Rights
  - Youth Development
  - Municipal Health Services



The core function of the Municipal Health Services Division is to render the following services:

- Food safety and hygiene monitoring;
- Waste management and general hygiene monitoring;
- Premises health surveillance;
- Environmental pollution monitoring;
- Vector control;
- Health education

Food safety and hygiene monitoring, as well as waste management are regarded as very important. If not monitored and kept under strict control, it could lead to outbreaks of various diseases within the communities. Food premises inspections are carried out to ensure that community members are not sold foodstuffs that are no longer fit for human consumption.

Environmental Health Practitioners (EHPs) have to conduct **Health Surveillance of Premises** of various categories to ensure that such premises function under optimal health conditions. It is during these inspections that discrepancies are identified and the EHPs then have to institute corrective measures. In the case of premises that are maintained in a manner that is adverse to good health, the inhabitants are given advice (on-the-spot health education) as to how they can maintain their premises in a manner that is conducive to good health. Prevention of diseases before they occur is very crucial for human wellbeing. Hence, health education was conducted to raise awareness on communicable diseases and how to prevent them from spreading. Health education is definitely preemptive and is crucial in the war against diseases.

Health education was given on the following diseases:

- **Measles:**  
Health and hygiene education was conducted at various primary schools. Approximately 1000 learners were educated on health issues related to measles. Posters and pamphlets were also distributed.
- **Rabies:**  
Health and hygiene education, focusing mainly on rabies, was conducted at Siyavuna and Bedlane Primary Schools in Mthonjaneni. A total of 867 learners were educated on the spread and prevention of rabies.

- **Bilharzias:**

Due to the increased number of reported cases of bilharzias in the Ndundulu area of Mthonjaneni, health and hygiene education was conducted at Ndundulu and Gcongco Primary Schools. The schools have a total enrolment of 485 and 543 learners respectively. The Bilharzias health and hygiene education was also conducted on 04 February 2010 at Mbongolwane, at KwaSokhulu on 09 of February 2010 and at Yanguye on the 02 March 2010.

Other health awareness and promotion events conducted include the following:

- **uMlalazi and Nkandla Cleanest School and Best SNP Kitchen Competition awards ceremony**  
Competitions to encourage school cleanliness were conducted in the uMlalazi and Nkandla municipal areas. The uMlalazi competition was held in September 2009, whereas in Nkandla it was held on 17 March 2010. Medals, trophies and shields

were awarded to the winning schools. Disinfectants, hand-washing liquids, air fresheners, window-cleaners, mops and certificates of acknowledgement were also given as incentives.

The winning schools were as follows:

**uMlalazi's Cleanest School**

- 1st position - Thembalesizwe CP School of Mbongolwane;
- 2nd position – Silambo CP School, also of Mbongolwane,
- 3rd position – Ncemaneni CP School from Shakaland.

**Nkandla's Cleanest School**

- 1st position – Sithandiwe Special School;
- 2nd position – Sibahlengemvelo Primary School;
- 3rd position – Mfongosi Primary School.

**Nkandla's Best School Nutrition Programme Kitchen:**

- Winners – Sithandiwe Special School;
- First runner-up – Nqundu Primary School
- Second runner-up – Mfongosi Primary School.

- **Workshop on waste management**  
The above workshop was conducted for the benefit of Officials within the Nkandla municipality whose duties have a bearing on environmental health, particularly environmental hygiene/waste management and local economic development.
- **National Water Week 2010 – presentation on waterborne diseases**  
The above formed part of the programme for the commemoration of the National Water Week 2010. A presentation was made on a number of waterborne diseases, the focus being on their causes, signs and symptoms and prevention.
- **Town Clean up Campaigns**  
Town Clean-up Campaigns were conducted in the Central Business Districts of Nkandla and Melmoth Towns. The purpose of the Events was to revitalize and reinforce existing acceptable health practices amongst different Sectors in a community in order to maintain a healthy and sustainable way of life.



## Disaster Management and Fire Fighting Services

During the year under review, a number of disaster incidents were attended to by uThungulu Disaster Management Centre. Runaway fires continue to be a major problem for the rural communities within uThungulu. The services of a company known as Rural Metro continued to be used to manage and operate emergency services including Fire Fighting and the 24 hour Emergency Call Centre.

### Disaster Incidents

One major fire incident took place on 10 May 2010, in the KwaYanguye area of Mthonjaneni Municipality. Eighteen families were seriously affected. There were two injuries and one fatality. The uThungulu Disaster Management Centre distributed relief materials in the form of food parcels. The uMthonjaneni Municipality made available blankets and tents to the affected families. The resources of uThungulu and Mthonjaneni Municipalities were augmented by donations of blankets, food parcels, and items of clothing collected by the Department of Social Development, the SAPS, the Red Cross, business community, church organizations and other groups of civil society.

### Fire Awareness and Fire Prevention Training

As part of prevention, mitigation and risk reduction the unit went out to three municipalities to conduct fire prevention awareness namely Ntambanana, Mthonjaneni and Nkandla municipalities.

The aim was to educate, train communities on fire breaks and inform the community on Fire and Disaster Management.

The areas that received the fire awareness training were the areas that are deemed as hot spots. They are as follows:

Nkandla: Thaleni, eMandaba, eMangidini, eMabhuqweni, Qhudeneni, Mahlayizeni, Dlabeni.

Mthonjaneni: eNtembeni, KwaYanguye, Hlabathini, KwaMagwaza, eKuthuleni, Ndundulu, Thubalethu and Mfanile



Ntambanana: Mawanda, Mabhensa, Oveceni, Qomintaba, Upper-Nseleni, Obizo, eZulwini, Nsimbakazi, Dlomodlomo.

### Regional Cemetery

Although during the year under review (09/19) the Regional Cemetery continued to be managed and operated by uMhlathuze Municipality on behalf of uThungulu, a Section 78 Assessment was conducted to determine the most cost effective way of operating the cemetery. The Study revealed that uThungulu would have to operate the cemetery in-house. The recommendations emanating from the assessment will be effected during the 10/11 financial year.

### Social and Community Development

The Community Services Directorate, with limited resources at its disposal, has continued to strive towards addressing the issues affecting the marginalized communities and groups within the district. In its drive towards improving the quality of life for the marginalized, the Directorate has in some cases been fortunate to get financial support from the Corporate Sector. Such financial support has always enabled the Directorate to make further inroads against the marginalization of the vulnerable groups.



## Gender Equality Programme

### Women's Day Celebration

The Community Services Directorate co-ordinated a Women's Day Celebration during the Financial Year 09/10. The celebration was held on 26 August 2009 where all six Local Municipalities were well represented. Motivational speakers addressed women on the following topics:

Topic	Organisation	Speaker
Challenges faced by Widowed women and women living with disabled children	Widowed women of South Africa KwaZulu Natal (WWOSA)	Mrs K. Dlamini (President and Founder of WWOSA)
Entrepreneurship and business management matters	Bambanani Micro Business Network (NGO)	Mrs. V. Bhengu (Coordinator)
Cervical & Breast cancer	CANSA	Mrs. M. Dlamini(Coordinator)
HIV/AIDS	District Health uThungulu	Mrs. P. Mbuyazi( HIV/AIDS (Trainer)

### 16 Days of Activism: Information Sharing Session

The District's 16 Days of Activism information sharing session was held on 26 November 2009 at the Auditorium of uMhlathuze Municipality in Richards Bay. The targeted audience included Church Leaders of different Denominations, Traditional Leaders, Women, Men and Government Departments Representatives. Four critical topics were the focus of discussion, as follows:

1. Customary and Religious Marriages & Gender Abuse and Violence
2. Human Trafficking & Impact on Women and Children
3. Women and Human Rights
4. Domestic violence

### Networking Session for Widowed Persons

The networking session for widowed persons was held on 18 March 2010 in the uThungulu Council Chambers. The aim of the session was to encourage district widowed persons to come together and talk with one voice. During the deliberations the following was proposed as a way forward:

- Widowed persons to form support groups such as widowed senior citizens and HIV/AIDS;
- Widowed persons be encouraged to concentrate on Agriculture;
- Widowed persons to market their craft products;
- Widowed persons be assisted with housing;
- District widowed persons to talk with one voice and learn to work as a team;
- Local municipalities should form structures, forums so that a district widowed persons forum is established.

### Disability Programme

During the financial year 2009/10 various activities were carried out to advance the course of people with disabilities. Amongst the activities are the following:

- **Disability Awareness Workshop**  
A two day workshop for people with disabilities was held from 17 -18 November 2009. One of the objectives of this workshop was to promote the understanding of disability issues. The way forward as agreed by participants is as follows:



- Establishment of functional structures/forums at Local Municipalities and ward levels.
- Establishment of Disabled support groups.
- Involvement and empowerment of parents of children with disabilities (parental roles and responsibilities).
- Lobbying for additional funding to be provided for the programmes of people with disabilities.
- Organise a workshop for the community and people looking after people with disabilities.
- Organise a workshop targeting Mayors, Municipal Managers, Head of Departments (Decision makers) for them to understand issues affecting people with disabilities.

- **Sign Language Training**  
Sign Language training was provided to people with disabilities and other groups of people who interact with people who have disabilities. The training was held to bridge the communication gap between the affected groups. The participants at this training were as follows: Councillors responsible for the Disability Programme; Disability Co-ordinators; Community Development Workers; Disability Forum Members; and deaf people.



- **International Day for People with Disabilities:**  
People with Disabilities in the uThungulu District were given the opportunity to participate in the International Day for People with Disabilities which was held on the 3rd Of December 2009 at KwaMsane under Mtubatuba Local Municipality.
- **Parliament for People with Disabilities**  
uThungulu District Municipality transported the delegates to



attend the Parliament for People with Disabilities that was held at Maphumulo Municipality under Ilembe District Municipality on 10-11 March 2010. People with Disabilities participated in the debates of the day and therefore contributed towards addressing the issues that affect them.

- One Home, One Garden Campaign for People with Disabilities  
Community Services Directorate co-ordinated and facilitated the attendance of One Home, One Garden Campaign for People with Disabilities held on 04 June 2010 in Pietermaritzburg. The aim of the summit was to induct people with disabilities on the Integrated Food Security Strategy. Disabled people were encouraged to grow their own food with the aim of eliminating hunger and food deprivation.

#### HIV/AIDS Programme

uThungulu District Municipality has continued to support the campaign directed at reducing and ultimately eliminating the impact of HIV and AIDS in the communities. To this end, amongst the projects that were undertaken during the year under review are the following:

- Vegetable Seedlings to HIV Positive Support Groups and Community Care Centres  
Vegetable seedlings were distributed to support groups and community care centres to encourage the supply of nutritious food to those affected and infected with HIV and AIDS.
- District HIV/AIDS Home Based Care Training  
The HIV/AIDS Home Based Care Training was provided to volunteers rendering home based care services to the communities. These were people who had not received the any HIV/AIDS related training before.
- District World Aids Day Conference  
uThungulu District Municipality co-ordinated the uThungulu World Aids Conference that was held on the 1st of December 2009 at the Eshowe FET College. This event was organized in collaboration with the Office of the Premier, HIV/AIDS Unit. The uThungulu World Aids Day Conference had two sessions, the first session was a Walk About at Ward 3. Ward 3 Mbongolwane was identified as the most deprived ward. The "Walk About" marked the launch of a One Home, One Garden Campaign as part of a Flagship Programme. The second session was a sit down programme that involved the delivery of speeches by various speakers on the issues around HIV/AIDS.
- Foskop Funding  
Foskop is one of the Corporates that have come forward to support the programmes of the marginalized. Foskop has made available funding that will assist the municipality to fight scourge of HIV/AIDS. The funding of R90 000 – 00 made available during the financial year 09/10 was specifically for the training of Peer Educators and installation of Condom Dispensers within the uThungulu area of jurisdiction. The training of the Peer Educators took place from 15-19 March 2010. The certification ceremony took

place on 19 March 2010 which was the last day of the training. Their training entails that they be able to:

- Educate other Peers on HIV/AIDS related matters at Community meetings, Schools, Churches, Homes and Youth gatherings,
- Prepare HIV/AIDS presentation for families or social gatherings,
- Establish of HIV/AIDS Support Groups,
- Conduct HIV/AIDS Awareness Campaigns.

#### Senior Citizens Programme

- National Conference for Older Persons

The uThungulu District Municipality was invited by the Office of the Premier on the Rights of Older Persons Directorate to send 4 Older Persons to attend the National Conference for Older Persons held from 06-08 October 2009 in Bloemfontein. UThungulu's responsibility was to carry the responsibility for the payment of conference fee and to provide the delegates with the transport to the pick up point which was Durban. Accommodation, meals and transport from Durban was organized by the Office of the Premier.

The conference goals were outlined as follows :

- To give Older Persons a platform to voice the challenges they are experiencing and to bring such challenges to the attention of government so that action can be taken to resolve longstanding issues.
- To capacitate Older Persons to manage health challenges so that they can live healthy and active lives.
- To bring to the attention of Older Persons, service providers and stakeholders that older persons are not excluded from being victims of HIV infection.
- To amplify the role of Older Persons as custodians of our cultural heritage and moral value systems.

The three day Conference was full of educational and information sharing sessions. Discussions for Day 1 were about Human Rights; Day 2 - Healthy Ageing and Day 3 - Community Development.

- Launch of Senior Citizens Forum

uThungulu Senior Citizen's Forum was official launched 12 May 2010. The Chairperson of the Forum is the retired Reverend







P.G.S Ntombela of the Lutheran Church.

The welcoming address was delivered by the Honourable Mayor of uThungulu, His Worship, Alderman Stan Larkan. It was a magnificent event, where His Worship the Mayor highlighted the contribution being continuously made by Senior Citizens towards building the country through educating the younger generation and sharing their skills and expertise with them.

The Guest Speaker of the day was Dr A. Mlondo. In his address, he pointed out that it is important that Senior Citizens be thankful to God for giving them a chance to be called grandparents. He warned the younger generation against abusing and taking advantage of the Senior Citizens, especially during "pension pay times".

- Children's Rights

Early Childhood Development sites were identified as one of the means for advancing children's rights. The selected ECD sites were requested to identify their priority needs on which uThungulu could assist. Most ECD sites requested for furniture which was then provided by uThungulu.

- Youth Development

Limited funding is a major problem when it comes to Youth Programmes. Most of the uThungulu activities are therefore mainly to coordinate programmes that emanate from Province or from National level. One such event was the Integrated Youth Development Strategy Workshop held in January 2010. It was a two day workshop session, facilitated by Mr. C. Blose from the Blose and Blose Consultants. The purpose of the workshop was to enable the youth members from the local municipalities to contribute towards the National Integrated Youth Development Strategy.

The objectives of the Integrated Youth Strategy Workshop were set out as follows:

- To develop a strategy that will focus on integrated youth development (social, economic, psychological and educational youth development) as a representative measure towards crime prevention.

- To formulate the Crime Prevention Strategy that will be informed by the needs of the communities (Youth) that will guide and regulate social crime prevention programs in the province.

- To facilitate the integration of Youth crime prevention into government developmental plans.

- To develop a strategy that will be easily incorporated by all government departments and all relevant stakeholders into the IDP plans.

- To create conceptual framework for youth crime prevention programmes.

The workshop was attended by 112 youth members from across the district. As part of commemorating the Youth Day, a Youth Networking Session was

held from 1st – 2nd June 2010. Presentations during the two day Workshop covered the following:

- An Introduction to the World of Business and Industry;
- Required Personal Qualities for Succeeding in Business;
- Ten Simple Rules on How to Start Your Business ;
- How to Design a Business Plan for A Small Business;
- Steps and Forms for the Registration of a Legal Business in South Africa;
- Sources of Funding for a Small Business and Expected Requirements;
- Fundraising for Charity and Social Entrepreneurship.

The Youth Working Session culminated with an election of a District Youth Committee.

- Sport and Recreation

The Kwanaloga Games remains the major Sports event in which uThungulu has participated over the years. During the year under review, these games were held in the uMgungundlovu District Municipality from 11 - 14 December 2009. The uThungulu District Municipality fielded teams in each of the 13 Sport codes of the competition.

The Kwanaloga Games play an important role in the development of sport within the districts and the province. It should be noted that the Kwanaloga Games are played at three different stages, and therefore have a wide positive impact on the Youth in general. The different stages are as follows:

- at Local Municipal level, where wards within that local municipality compete;
- at District level, where Local Municipalities within that district compete; and
- at Provincial level where District Municipalities and the eThekweni Metro compete.

Through these games young talent is unearthed, nurtured, and given exposure as young athletes get a chance to represent their municipalities in 13 different sporting codes.

The uThungulu District Municipality performed well in the Games. Out of the 10 Districts and one Metro, uThungulu was placed 3rd.



At the closing ceremony on 14 December 2009, it was confirmed that the uThungulu District Municipality would be the host for the games in 2010.

Results of the games:

Code	Position
Rugby Women	Silver
Swimming	Silver
Indigenous Games	Gold
Netball Men	Gold
Boxing	Gold
Rugby Men	Silver

### Information Technology

The Information Technology Section is growing in leaps and bounds as the organisational demands and staff numbers increase each year. In a bid to keep in touch with the resultant technological demands, we have implemented a number of IT initiatives in the last financial year.

Among these initiatives is the installation of a secure data link connecting Ntambanana Municipality to uThungulu Shared services for financial systems. The link between the Disaster Recovery Centre and uThungulu main office has been upgraded. The District Municipality has also had its website revamped. Lastly, system security has been

tightened making it more difficult for intruders to gain access to data and systems.

The Shared Services concept is an exciting one and is highly recommended and supported by government. The Financial Shared Services system is shared between the District and local municipalities, namely; Nkandla, Umfolozi and Ntambanana. Due to logistical problems the Ntambanana municipality is not yet linked as a shared service. The Shared Services concept is aimed at reducing costs on systems, support and maintenance. It will also reduce the duplication of data. Whilst the system server resides at uThungulu District Municipality offices, the system is interconnected via a secure Telkom network which enables the participating municipalities to connect and share in the use of the system.

As part of uThungulu's Disaster Recovery & Business Continuity Plan (DRP & BCP), the communication speed of the link between the DRP centre and uThungulu Richards Bay office was increased during the reporting year. The increase in speed will enable a more efficient backup of data between the two sites. The DRP Centre has been identified as an alternative working and recovery site in the event of a disaster.

The municipality's website was outdated, not user friendly and did not comply with the look and feel of a government website, but has been upgraded and given a new look during the past financial year. We have also enhanced system security by deploying several hardware and software mechanisms to secure Council's data and systems. Firewalls have been enabled and hardened. In addition the required Internet content, antivirus and SPAM filters have been deployed.



### Strategic Focus

One of the key pillars supporting the District's vision of improving the quality of life for its people is to build a strong skills and technology base. This is seen as a strategic intervention necessary to make the uThungulu District Municipality a globally competitive and smart District with good governance structures. It is clear then that Information Technology is seen not just as another support process to the business, but as an integrating, strategic enabler and a partner for all the District's objectives. But more than that, it is seen as a potential driver for innovation to the District's initiatives. This realization that IT and the business are two sides of the same coin is important because transforming the District requires an integrated approach, and Information Technology will play a crucial role in this transformation process.

Furthermore, the District's leadership recognises that even though there are pockets of technology excellence in specific service units, IT is not being effectively leveraged across the District as a whole. It has therefore become imperative that an overarching IT strategy be formulated that will not only assist the District in reaching its strategic goals, but also guide and therefore yield improved returns on future IT investments.

### The realisation of the IT vision: Laying the foundations

#### *Objective 1: Develop a District-wide IT architecture*

- Establish an enterprise-wide IT architecture supported by a customer-focused infrastructure that is based on openness, standards, and information sharing. This will achieve the following:
  - Decreased complexity
  - Increased reliability and flexibility
  - Lower operating and maintenance costs
  - Same or better quality services while freeing resources.
  - Sharing/re-use of IT solutions, thus leveraging IT investments
  - Alignment of IT and the business
  - Increased productivity and lower learning curve for users and developers, thus leveraging existing skills
  - Integration of disparate software, platforms and protocols into one comprehensive framework resulting in:
    - Improved service delivery to citizens / customers by improving geographic-based information management
    - Reduced manpower requirements due to the reduction of intricate networks of applications and interfaces
    - Consistent updates of any data (citizens, employees, businesses, assets etc.) across multiple data sources

#### *Objective 2: Implement a robust IT governance structure*

Create a robust organizational structure and an ICT governance mechanism that has the flexibility and responsiveness necessary to prioritize and deliver an increased scale, range and complexity of requirements.

Outcome:

- Increased value from IT investments.
- Alignment of departments, budget, and ICT projects/initiatives with the District's goals and objectives.
- Policy direction and coordination facilitate communication among District executives, IT staff, and business.
- Technology is developed and deployed in an expeditious, manageable, and predictable manner.

#### *Objective 3: Have an integrated IT planning and budget process*

The IT planning process must be integrated into the budget process to provide a comprehensive planning and funding model which will prioritise District-wide projects to realize the District's shared vision. A streamlined process will facilitate the efficient allocation of funds across the departments. This in turn will reduce the disparity of technological capability between business units, and ensure the coordinated, District-wide move of all business units towards the realisation of uThungulu District municipality's IT and business strategies, goals and objectives.

#### *Objective 4: Standardize*

Standardisation refers to standardising hardware, software and IT governance policies across all departments. IT architecture standardisation consists of a series of principles, guidelines or rules used by an enterprise to guide the process of acquiring, building, modifying and interfacing IT resources throughout the enterprise.

#### *Objective 5: Leverage existing physical IT resources*

Appropriately aggregate and rationalize IT facilities and resources to improve security, operational effectiveness and efficiency. This is to ensure that the municipality has qualified staff to support its IT projects, to make shared services efficient and responsive and to establish measures and monitor performance for continuous improvement of IT.

#### *Objective 6: Create a world class digital infrastructure*

Create a world-class, high-speed digital infrastructure with a good internal communications network and effective links to all sectors, the broader public sector, and service delivery partners, in order to enhance the delivery of public services and facilitate information and resource sharing at the lowest cost.

# Department of Technical Services



**Executive Director Technical Services:**  
Zwe Msomi



## Technical Executive

### Mission

Striving to meet the millennium targets on backlog eradication and basic services provision and to ensure sustainable integrated development with minimum impact on the environment.

The Technical Services Department has continued to work harder in its effort to achieve the Council's broader objective of backlog eradication through the implementation of effective infrastructure using appropriate technologies that minimise the impact on environmental degradation while attempting to maximize the utilization of small and emerging local contractors. The drive has been to ensure that effective planning is done and a detailed implementation strategy is formulated to fulfill the aforementioned objective.

The Technical Service Department comprises the following directorates:

- Water Services Authority Directorate
- Design and Construction Directorate and
- Operations and Maintenance Directorate

### Cross Cutting Projects

1. Review of the Integrated Waste Management Plan (IWMP):  
The review of the IWMP commenced in January 2009 and was completed in January 2010. In summary this review is focused on the following issues in each local municipality:
  - Demographics
  - Waste Quantities
  - Existing Waste Management Strategies, Systems and Practices
  - Existing Waste Collection Services

- Current Recycling Activities
  - Current Treatment Methods
  - Current Disposal Methods
  - Economics and Financing of Waste Management
  - Organisational Structure
  - Summary Analysis, Identification and Prioritisation of Needs
  - Strategic Goals and Options
2. Review of the Energy Master Plan (EMP):  
The review of the EMP commenced in July 2009 and was successfully completed in January 2010. In summary this review is focused on the following issues:
- Status Quo Assessment
  - Electrification Plan in each of the local municipalities
  - Renewable & Alternate Energy Sources
  - Load Forecast
  - Expansion Plan
  - Capital Plans
  - Recommendations
3. Operation and Maintenance of Nkandla Electricity:  
This function has been under the control of the District Municipality since 2000. Nkandla Municipality felt the need to take over this function as part of a revenue consolidation process.

This necessitated the transfer of the license from uThungulu to Nkandla by NERSA. This process was concluded in April 2009. The Technical Department, assisted by the Billing Section, has successfully assisted Nkandla for a smooth take-over of this function.



#### A. Water Services Authority

This directorate is responsible for the compilation of the Water Services Development Plan (WSDP) and the Master Plan. It is also responsible for the verification and review of bylaws and tariffs in terms of the Water Service Act, Act 108 of 1997. It also consists of two subsections, namely the Design Office and Community Development. The WSA has 10 staff members: Director WSA, Manager Planning & Design, 2 Design Technicians, GIS Officer, Project Administrator, Senior Community Development Officer and three Community Development Officers.

#### The 5 Year Project Plan

The following projects form a 5 year water services project plan

#### Water & Sanitation Projects Cashflow Estimate For The Next 5 Years

Kz	Project Name	Estimated Cost	Municipal Budget Years					
			Previous Years	2010/11	2011/12	2012/13	2013/14	2014/15
uMfolozi	281-2 - VIP Sanitation Project	R 18,433,582	R 16,669,970	R 0	R 0	R 0	R 0	R 0
uMfolozi	281-3 - VIP Sanitation Project	R 17,243,848	R 0	R 6,310,000	R 8,250,000	R 2,683,848	R 0	R 0
uMfolozi	281-4 - VIP Sanitation Project	R 10,832,040	R 0	R 0	R 0	R 1,566,152	R 6,582,040	R 2,683,848

Kz	Project Name	Estimated Cost	Municipal Budget Years					
			Previous Years	2010/11	2011/12	2012/13	2013/14	2014/15
uMfolozi	281-5 - VIP Sanitation Project	R 10,417,652	R 0	R 0	R 0	R 0	R 0	R 8,000,000
uMfolozi	Mbonambi Water Phase 2	R 57,901,268	R 2,363,069	R 8,000,000	R 15,871,750	R 21,246,113	R 10,420,336	R 0
uMfolozi	Mhlana Bulk Water Supply 3B ext.	R 3,970,113	R 3,970,113	R 0	R 0	R 0	R 0	R 0
uMfolozi	Mhlana So-mopho Phase 3C	R 51,240,629	R 0	R 4,000,000	R 8,000,000	R 29,421,489	R 9,819,140	R 0
uMfolozi	Upper Nseleni Phase 3B (reticulation)	R 70,031,692	R 59,952,579	R 10,079,113	R 0	R 0	R 0	R 0
uMfolozi	Upper Nseleni Phase 2							
uMfolozi	Mbonambi Water SSA2	R 21,219,127	R 0	R 500,000	R 0	R 4,535,434	R 10,000,000	R 6,183,693
uMfolozi	KwaMbonambi Low Cost	R 2,291,000	R 1,461,002	R 0	R 0	R 0	R 0	R 0
Mthon-janeni	Greater Mthonjaneni SSA 2 (Greater Mthonjaneni PH 3)	R 47,857,947	R 0	R 500,000	R 0	R 5,000,000	R 6,357,497	R 0
Mthon-janeni	285-3 - VIP Sanitation Project	R 15,602,121	R 16,616,867	R 6,000,000	R 6,879,632	R 605,622	R 0	R 0
Uthungulu	Greater Mthonjaneni Phase 1 & 2	R 209,367,632	R 116,523,135	R 48,941,072	R 23,680,803	R 0	R 0	R 0
Nkandla	286-3 - VIP Sanitation Project	R 21,318,327	R 2,433,720	R 6,000,000	R 8,000,000	R 4,884,607	R 0	R 0
Nkandla	286-4 - VIP Sanitation Project	R 21,286,172	R 0	R 0	R 0	R 0	R 9,145,509	R 12,140,663
Nkandla	Middledrift SSA3	R 12,933,868	R 0	R 500,000	R 0	R 10,000,000	R 2,433,868	R 0
Nkandla	Middledrift SSA 5	R 73,674,062	R 0	R 500,000	R 0	R 20,000,000	R 25,000,000	R 28,174,062
Nkandla	Vutshini Phase 1	R 29,500,000	R 0	R 500,000	R 5,000,000	R 12,000,000	R 3,500,000	R 8,500,000
Nkandla	Vutshini Phase 2	R 19,804,998	R 17,196,709	R 2,608,289	R 0	R 0	R 0	R 0
Nkandla	Nkandla Vutshini S/A SSA5	R 47,802,512	R 0	R 500,000	R 10,000,000	R 10,000,000	R 10,000,000	R 17,302,512
Ntambana	283-2 - VIP Sanitation Project	R 22,709,580	R 17,053,444	R 0	R 0	R 0	R 0	R 0
Ntambana	283-3 Sanitation Project	R 13,500,000	R 0	R 5,000,000	R 7,500,000	R 1,000,000	R 0	R 0



Kz	Project Name	Estimated Cost	Municipal Budget Years					
			Previous Years	2010/11	2011/12	2012/13	2013/14	2014/15
Ntambana	283-4 Sanitation Project	R 23,583,363	R 0	R 0	R 0	R 8,000,000	R 9,500,000	R 6,083,363
Ntambana	Greater Mthonjaneni SSA 4 (Greater Mthonjaneni PH 3)	R 21,096,433	R 0	R 500,000	R 7,000,000	R 5,000,000	R 362,433	R 0
Ntambana	Greater Mthonjaneni SSA 5	R 47,078,511	R 0	R 500,000	R 0	R 6,578,511	R 0	R 0
Ntambana	Upper Nseleni Phase 1 VO	R 21,714,308	R 0	R 15,000,000	R 10,000,000	R 4,714,308	R 0	R 0
Umlalazi	284-3 - VIP Sanitation Project	R 21,762,755	R 2,519,654	R 6,500,000	R 7,733,000	R 4,979,350	R 0	R 0
Umlalazi	284-4 - VIP Sanitation Project	R 28,170,072	R 0	R 0	R 0	R 0	R 10,000,000	R 10,500,000
Umlalazi	Mpungose Phase 1D (Kwahlukohloko SSA 3)	R 10,344,426	R 10,344,426	R 0	R 0	R 0	R 0	
Umlalazi	Kwahlukohloko SSA 1	R 51,964,566	R 0	R 500,000	R 9,000,000	R 464,566	R 0	R 0
Umlalazi	Eshowe SSA 1	R 46,440,575	R 0	R 500,000	R 0	R 10,000,000	R 7,281,575	R 0
Umlalazi	Mpungose Phase 1D VO	R 23,000,000	R 0	R 4,000,000	R 5,750,965	R 10,000,000	R 3,249,035	R 0
Umlalazi	Kwahlukohloko S/A SSA5 / Umlathuze L M	R 70,662,767	R 0	R 2,500,000	R 16,500,000	R 23,000,000	R 28,662,767	R 0
Umlalazi/Nkandla	Middledrift Phase 2	R 28,000,000	R 21,908,999	R 2,060,526	R 9,030,850	R 0	R 0	R 0
Umlalazi/Nkandla	Middledrift (Purification Plant)	R 56,739,556	R 2,000,000	R 0	R 0	R 0	R 0	

The Mig Status Registrations of The 5 Year Project Plan

#### Water & Sanitation Projects Mig Registration Status July 2010

KZ	Project Name	Council Wards	Subwards	Start	Complete	Estimated Project cost	Previous years	Municipal Budget years			
								Consultant Appointment	BP Approval	MIG Approval	Detail Design
uMfolozi	281-2 - VIP Sanitation Project	12,13 & 10	None, Efuyeni, Emakwezini, Ezidonini, Fuleni Reserve, KwaG-coba, Kwamendo, Mahlahuva, Manembeni, Nohaha, Ntuthunga, Patane	Sep-06	Aug-10	R 18,433,582	R 16,669,970	UDM	Done	Done	Done

KZ	Project Name	Council Wards	Subwards	Start	Complete	Estimated Project cost	Municipal Budget years				
							Previous years	Consultant Appointment	BP Approval	MIG Approval	Detail Design
uMfolozi	281-3 - VIP Sanitation Project	7 & 8	all Subward	Mar-11	Mar-13	R 17,243,848	R 0	UDM			
UMfolozi	281-4 - VIP Sanitation Project	4 & 11	all Subward	Jun-13	Dec-14	R 10,832,040	R 0	UDM			
UMfolozi	281-5 - VIP Sanitation Project	5 & 6	infills 5 & 6	Jun-15	Dec-15	R 10,417,652	R 0	UDM			
UMfolozi	Mbonambi Water Phase 2	Partial 2,3	Emhlanzini, Vellabandhla, Mankwathini, Nhlanbane, Ezindzbeni	Feb-10	May-11	R 57,901,268	R 2,363,069	DMV	Done	Done	
uMfolozi	Mhlana Bulk Water Supply 3B ext.	4	Mazawula and Enhlabosini	Feb-08	Jun-10	R 3,970,113	R 3,970,113	Ndawonye	Done	Done	Done
uMfolozi	Mhlana Somopho Phase 3C	Partial 7,8,11	Ntweni, Ntwezi, Ndanyeni, Bum-baneni, Ngwebu, Mfолоzane, Nzambula, Ekusayeni	Nov-10	Jun-13	R 51,240,629	R 0	Ilifa / Zai / Isigodi	Done		
uMfolozi	Upper Nseleni Phase 3B (reticulation)	Partial 7	Partial Mhlana, Mabhuyeni	Apr-06	Nov-10	R 70,031,692	R 59,952,579	ILIFA	Done	Done	Done
uMfolozi	Upper Nseleni Phase 2	Partial NT8 and Partial MB7	Hlaza, Obizo, Ntoyini and Partial Mhlana	Oct-06	Oct-11			Zamanani	Done	Done	Done
uMfolozi	Mbonambi Water SSA2	Partial 1,2,3	Holinyoka, Manzamyama, Gwabalanda, Partially Ezindabeni & Dlabeyilandula	Jul-13	Jun-16	R 21,219,127	R 0	DMV			
UMfolozi	KwaMbonambi Low Cost	16	Town	Jul-08	Jun-10	R 2,291,000	R 1,461,002	Endecon	Done	Done	Done
Mthonjaneni	Greater Mthonjaneni SSA 2 (Greater Mthonjaneni PH 3)	Partial 2,3,4	Mgabhi, Ingwenya, Eyingwenya, Thembeni, Zimbumbe	Jul-12	Jun-16	R 47,857,947	R 0	PDNA			
Mthonjaneni	285-3 - VIP Sanitation Project	1 Partial 2	Mthonjaneni NU	Sep-08	Apr-10	R 15,602,121	R 16,616,867	DMV	Done	Done	Done

KZ	Project Name	Council Wards	Subwards	Municipal Budget years		Estimated Project cost	Previous years	Consultant Appointment	BP Ap-prov-al	MIG Ap-prov-al	Detail De-sign
				Start	Complete						
uThun-gulu	Greater Mthonjaneni Phase 1 & 2	Reg. Scheme	Mehlamashe, Kwamazulu, Mgabhi, Ngwenya, Goedgeloof, Zimdube, Eyingwenya, Ekutheleni, Bedlane, Isibaya Esikhulu, Nkunjempungu, Zigagayi, Emahlabathini, Makhosaneni, Phezukwehlanza	Jul-06	Oct-10	R 209,367,632	R 116,523,135	Uwp / Zai / Bks / Vgc	Done	Done	Done
Nkandla	286-3 - VIP Sanitation Project	13 & 14	all Subward	Oct-10	Feb-13	R 21,318,327	R 2,433,720	Makhetha	Done	Done	Done
Nkandla	286-4 - VIP Sanitation Project	6 & 7	all Subward	Aug-13	May-16	R 21,286,172	R 0	UDM	Done		
Nkandla	Middledrift SSA3	Partial 14,13	Hlwehlwe, Mpabacane, Nhlababo, Ezimbidla	Aug-12	Mar-15	R 12,933,868	R 0	Eyethu			
Nkandla	Middledrift SSA 5	Partial 2 & 3	Izinsundu, Ntamoyenkunzi. Part Mpaphala, Khangelani, Kwa Gasa, Mbi-zane, Butth-nani, Shushu, Ntamoyenkunzi, Matshamhlophe, Nhlalamnyango	Aug-12	Feb-15	R 73,674,062	R 0	Bks / Sivest			
Nkandla	Vutshini Phase 1	Partial 2	Bhacane, Cungu-wane, Kwazondi, Masoka	Apr-10	Jan-13	R 29,500,000	R 0	Biggar			
Nkandla	Vutshini Phase 2	Partial 8,10 and 12	Ekombe, Vutshini, Salofu, Kwa Gugu, Msukane, Mtshwili, Msobotsheni	Jun-07	Jun-10	R 19,804,998	R 17,196,709	MBB	Done	Done	Done
Nkandla	Nkandla Vutshini S/A SSA5	Partial 9,13 and 11	Khothongwe, Macala, Pholela, Mwane, Ejokeni, Dlolwane, Masolo-solo, Nyawoshane, Manyane, Ezilozini	Sep-11	Feb-13	R 47,802,512	R 0	Ernest Cloete / Zai			
Ntamba-nana	283-2 - VIP Sanitation Project	6, 7 & 8	all Subward	Jul-06	Jul-10	R 22,709,580	R 17,053,444	Thelani	Done	Done	Done
Ntamba-nana	283-3 Sanitation Project	1 & 2	all Subward	Sep-10	May-13	R 13,500,000	R 0	UDM	Done	Done	Done
Ntamba-nana	283-4 Sanitation Project	3 & 5	all Ward 5 Sub-ward	Jul-13	Jun-16	R 23,583,363	R 0	UDM	Done	Done	

KZ	Project Name	Council Wards	Subwards	Start	Complete	Estimated Project cost	Municipal Budget years				
							Previous years	Consultant Appointment	BP Approval	MIG Approval	Detail Design
Ntambanana	Greater Mthonjaneni SSA 4 (Greater Mthonjaneni PH 3)	Partial 4,3	KZ 285-Ndudulu, Hawule, Wabaza & KZ 283-Mpevu, Nkwenkwe, Emasangweni, Nomponjwana	Jul-11	May-14	R 21,096,433	R 0	Ilifa			
Ntambanana	Greater Mthonjaneni SSA 5	partial 2,3,5	Oqhabiyeni, Ogelweni, Emfeni, Esidakeni, Gobi-hlahla, Partially Emkhandlwini	Nov-11	Oct-14	R 47,078,511	R 0	Ilifa			
Ntambanana	Upper Nseleni Phase 1 VO	Partial 7, 5 and 8	Sihuzu, Ningizumu, Ubizo, Mabeka, Partial Ndondwane, Ntambanana	Aug-06	Sep-07	R 21,714,308	R 0	Ilifa / Zamanani	Done		
Umlalazi	284-3 - VIP Sanitation Project	3 & 4	all Subward	Mar-10	Feb-13	R 21,762,755	R 2,519,654	PDNA	Done	Done	Done
Umlalazi	284-4 - VIP Sanitation Project	1 & 4	all Subward	Aug-13	Sep-16	R 28,170,072	R 0	UDM	Done		
Umlalazi	Mpungose Phase 1D (Kwahlo-kohlolo SSA 3)	Partial 11, 19, 20, 21	Habeni, Ngodini, Ematsheni, Ntshantshelu, Mqaday, Enqoleni, Nomyaci, Mashishi, Khabingwe, Emgosinaneni, Elemoya	May-06	Jun-09	R 10,344,426	R 10,344,426	BJFC	Done	Done	Done
Umlalazi	Kwahlo-kohlolo SSA 1	Partial 9,10	Mandawe (partial), Mbizo 2, Nce-maneni, Zigagayi, Emaqeleni, Isiphezi, Kwa-Mpofu, Kwa-Hlokohlolo / Thintumkaba, Eziqwaqweni (Ward 26), Mhlathuzana Mti-lombo Mbizo 1	Jul-11	Sep-14	R 51,964,566	R 0	Eyethu / bks			
Umlalazi	Eshowe SSA 1	11, 13	Eshowe Town, King Dinizulu T/S, Kwa-Mfana, Nyanini, Berea, Thawini, Ntenjane, Emncongweni (Ward 16), Siqwanjana (Ward 16), Izindophi	Jul-11	Nov-14	R 46,440,575	R 0	Aurecon & makhetha			

KZ	Project Name	Council Wards	Subwards	Start	Complete	Estimated Project cost	Previous years	Municipal Budget years			
								Consultant Appointment	BP Approval	MIG Approval	Detail Design
Umlalazi	Mpungose Phase 1D VO	Partial 11, 19, 20, 21	Habeni, Ngodini, Ematsheni, Ntshantshelu, Mqaday, Enqoleni, Nomyaci, Mashishi, Khabingwe, Emgosinaneni, Elemoya	May-10	Sep-13	R 23,000,000	R 0	BJFC			
Umlalazi	KwaHloko S/A SSA5 / Umhlathuze L M	23, partial 22	Oyemini, Phongola, Lubisane, Gugushe, Ohhaheni, Makhehle(partial), Makholokholo (partial), Ntenshane, Hlobane, Macekane, Sabe 1 & 2	Aug-11	Jan-13	R 70,662,767	R 0	Ernest Cloete / Zai			
Umlalazi/Nkandla	Middledrift Phase 2	Um1 & 2 and Nk7, 13 & 14	Izinyosi, Bongela, Nkunzempunga, Mfomfolozi, Mbileni, Nyimbithwa, Mvuzane	May-06	Jun-11	R 28,000,000	R 21,908,999	Sivest	Done	Done	Done
Umlalazi/Nkandla	Middledrift (Purification Plant)	Various		Oct-10	Aug-11	R 56,739,556	R 2,000,000	Ernest Cloete	Done	Done	Done

#### Design Office:

The Design Office has expanded the role of the Municipality in research and development services, including investigations and the design of small schemes and extensions. This section has designed several projects as attached below. (Annexure3)

The projects highlighted in color have been implemented and the balance has not been implemented due to budget constraints.

Ward	Councillor	Description	Yield / day	Cost	Status	Comments
<b>Nkandla (Annexure 3)</b>						
2	Sibiya	Dayingubo B/hole	96.0 kl/day	R 300,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
4	Khanyile	Ekukhanyeni Store	72.0 kl/day	R 120,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
12	Mkhize	Endlinemhlophe Spring	9.0 kl/day	R 60,000.00	Cancelled	Source polluted
12	Mkhize	Tree Spring	18.0 kl/day	R 60,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
12	Mkhize	Ezibisini Wet Land	90.0 kl/day	R 200,000.00	Contractor appointed	Waiting for material
12	Mkhize	Ebuqilini Spring	45.0 kl/day	R 80,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
12	Mkhize	Ejokweni Wetland		R 200,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.

Ward	Councillor	Description	Yield / day	Cost	Status	Comments
8	Mthembu	Ntshiza Weir Wetland	95.0 kl/day	R 300,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
2	Sibiya	Mona Mission Spring		R 60,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
10	Mhlongo	Madlozi Spring		R 180,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
3	Dlomo	Ntshotshwana		R 60,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permit.
2	Sibiya	Cacaneni River			Budget constraints	To be considered in 2010/2011 financial year if budget permits.
2	Sibiya	Zondeleni Spring		R 80,000.00	Contractor appointed	Waiting for material
4		Ingwegweni B/hole development	150kl/day	R 150,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
3		Sidumuke Borehole	50 kl/day	R 125,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Nzwabethini Well	3.0 kl/day	R 80,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Nqwashi Spring	2.5 kl/day	R 75,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Umtata Spring	2.0 kl/day	R 70,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Phemba Well	3.0 kl/day	R 80,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Esikhoneni Well	1.2 kl/day	R 65,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Vimbimbobo Bore hole	15kl/day		Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Total Estimations		R 2,345,000.00		
		Budgeted for 2009/2010		R 280,000.00		
<b>Mbonambi</b>						
8	Biyela	Mbabe extensions	Existing	R 40,000.00	Budget constraints	To be considered in 2010/2011 financial year.
11		Thandaza Extensions	Existing	R 60,000.00	Budget constraints	To be considered in 2010/2011 financial year.
10	Mathaba	Dondotha	Existing	R 80,000.00	Contractor appointed	Waiting for material
9	Mpungose	Mhlana Extensions	Existing	R 200,000.00	Contractor appointed	Waiting for material
3		Nhlabeyilandula			Budget constraints	To be considered in 2010/2011 financial year if budget permits.



Ward	Councillor	Description	Yield / day	Cost	Status	Comments
3		Holinyoka 1 Water Works - Zenith		R 160,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
4	Masango	Extensions		R 200,000.00	Contractor appointed	Waiting for material
1		Malaleni Sokhulu Rising Main			Budget constraints	To be considered in 2010/2011 financial year if budget permits.
11		Mzingeli extensions			Budget constraints	To be considered in 2010/2011 financial year if budget permits.
3		Holinyoka 2 Water Works - GR Solutions		R 298,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
3		Weighbridge Borehole (Mondi)		R 200,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Total Estimation		R 1,238,000.00		
		Budgeted for 2009/2010		R 480,000.00		
<b>Ntambanana</b>						
3	Mr Mulawu	Bhadaza Spring extensions	40.0 kl/day	R 90,000.00	Construction completed	Awaiting handover to community
3	Mr Mulawu	Ngeza / Noncayiya Spring		R 75,000.00	Construction completed	Awaiting handover to community
3	Mr Mulawu	Nomagugu Bhadaza Spring		R 80,000.00	Construction completed	Awaiting handover to community
3	Mr Mulawu	Ematutwini Spring		R 90,000.00	Construction completed	Awaiting handover to community
3	Mr Mulawu	Kwa Bhadaza Spring		R 65,000.00	Construction completed	Awaiting handover to community
	Mr Biyela	Nonsengwa Extensions		R 160,000.00	Construction completed	Awaiting handover to community
	Mr Sibiya	Isuhuzu Extensions		R 600,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permit. .
		Total Estimation		R 1,160,000.00		
		Budgeted for 2009/2010		R 560,000.00		
<b>Mthonjaneni</b>						
2	Mr Nzuza	eBomvini Bore Hole	1200l/h	R 125,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
	Mr Zulu (Nduna)	eBomvini Bore Hole	1500l/h	R 125,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
3		Thunzini Spring	180l/h	R 85,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
3		Esilondeni Spring	190l/h	R 110,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
2		Thunzini Spring	400l/h	R 120,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.

Ward	Councillor	Description	Yield / day	Cost	Status	Comments
2		Emhlangeni Spring	160l/h	R 90,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Total Estimation		R 655,000.00		
<b>Umlalazi</b>						
		Xulu/Mhlongo Spring	5.5 kl/day	R 60,000.00	Construction completed	Awaiting handover to community
		Mhlongo/Mdletshe Spring	3.0 kl/day	R 65,000.00	Construction completed	Awaiting handover to community
		Mayisa Spring	1.5 kl/day	R 45,000.00	Construction completed	Awaiting handover to community
		Xulu Spring	3.0 kl/day	R 45,000.00	Construction completed	Awaiting handover to community
		Mdoni Tree Spring	1.5 kl/day	R 50,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Mkhunyana Spring		R 140,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
4		Dindini Borehole	1000l/h	R 125,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
4		Nondlazana Borehole	1200l/h	R 125,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Ndlancuba Well	2.5 kl/day	R 100,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Hluhluwe Well	1.5 kl/day	R 80,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Ntaba Well	1.5 kl/day	R 75,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Ezivandeni Spring	2.5 kl/day	R 75,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Ntombela Spring	4.5 kl/day	R 175,000.00	Budget constraints	To be considered in 2010/2011 financial year if budget permits.
		Total Estimation		R 1,160,000.00		
		Budgeted for 2009/2010		R 215,000.00		
<b>Other Projects</b>						
		Gingindlovu Storm water upgrade		R 180,000.00	Construction completed	Quotation payment claim to be submitted by contractor
		Mthunzini Sewer plant upgrade		R 600,000.00	Contractor appointed	Waiting for material
		Total Estimation		R 780,000.00		

Total Budget:  
Drought Relief- R 5 000, 000.00  
Planned Projects - R 7,338,000.00

## Community Development

The Community Development Section is responsible for educating the community on water and sanitation social issues, including water conservation, health and hygiene e.g. the hand wash programme and encouraging youth to pursue studies in water-related fields. This involves conducting awareness campaigns amongst the community and in schools. Maths and Science learners are encouraged to enter Water and Sanitation related competitions run by DWAF eg. South African Youth Water Prize, Aqua Enduro and Baswa Le Metsee.

uThungulu District Municipality's Water Services Authority has formed a partnership with the Departments of Water, Agriculture and Environmental Affairs, Education, Environmental Health and uMhlathuze Water since 2008 and in this regard a stakeholder forum has been established to take care of all events that are environmental, water and sanitation-related around the uThungulu District. This partnership has grown stronger and as a result it has managed to produce South African Youth Water Prize National winners from the Ntambanana local municipality to represent South Africa at a worldwide water competition that was held in Stockholm in 2009.



*In front are two learners from Prince Mkhombisi High School who, with the assistance of the team standing behind them, won the Provincial South African Youth Water Prize Competition and proceeded to Stockholm in Sweden where they competed against 32 other countries. The learners are showing off the modem they developed to serve water. This modem has been patented and there is a possibility that the device will be sold, earning the learners royalties from each sale. The winning duo also received a lap top and a bursary for their tertiary education.*

## 2009 Aqua Enduro National Competition

Fanelesibonge Kunene from Velangaye High School represented KZN in the Aqua Enduro National Competition and won a bursary to study in any water-related field from the Department of Water Affairs (KZN).

## 2010 Wetland Day Celebrations

The 2010 Wetlands day was celebrated under the theme “Caring For Wetlands: An Answer To Climate Change”. It was celebrated by conducting a workshop for traditional leaders and their communities on water resource management, wetlands values and benefits, the promotion of conservation and the wise use of Wetlands at the following areas:-

- Mlalazi Municipality – (Mbongolwane Wetland) at Inkosi Mzungezeni Ntuli Peace Centre on 04 February 2010.
- Mfolozi Municipality – at Sokhulu Traditional Authority on 09 February 2010.
- City of uMhlathuze - at Mpembeni Tribal Court on 19 February 2010.
- Mlalazi Municipality – (Obanjeni Wetlands) at KwaGolela Traditional Court on 24 February 2010.

## Arbor Week Celebration

The 2010 Celebration of Arbor Week Celebration was structured into both a District and Satellite event. The objectives of these campaigns/events were to inform communities, especially people in the rural areas, of the methods and benefits of long term sustainable use of our indigenous trees and forests and to encourage tree planting by communities, schools and other social institutions throughout uThungulu District Municipality in order to ensure a better life for all.

The theme of the event was “Plant Trees – Protect Our Planet”. Fifty trees were planted by students from the surrounding schools, assisted by the officials from uMlalazi Municipality, uThungulu and the Department of Agriculture, Forest and Fisheries. Five were planted on the day of the event. The tree planting was officiated over by the Deputy Mayor of uThungulu District Municipality. Students and teachers, including School Principals of the Sunnydale Secondary School, Baqoqe Primary School and King Zwelithini High School participated in the event by rendering



different items that talked to the theme of the day. Students and the community at large were educated on the importance of planting trees, especially the indigenous trees and how it related to global warming and water scarcity.

#### Water and Sanitation Community Awareness Meetings

Municipality	Ward No	Venue	Date	Purpose of Meeting
uMfolozi	9	Luhlanga	09/08/09	Meter installation awareness
		Mnqagayi	16/08/09	Meter installation awareness
		Dondotha	23/08/09	Meter installation awareness
	7	Mabhuyeni	29/08/09	Meter installation awareness
		Mpevu	19/09/09	Meter installation awareness
	9	Mhlana	04/10/09	Meter installation awareness
	7	Mgatshelwa	10/11/09	Meter installation awareness
		Khenana	15/11/09	Meter installation awareness
	10	Phathana	22/11/09	Meter installation awareness
	5	Nzalabantu	06/02/10	Meter installation awareness
Ntambanana	4	Nomponjwana	20/10/09	Meter installation meeting
	6	Bhiliya	27/11/09	Introduction of Sanitation project to the community
	3	Bhadaza	16/02/10	Community awareness on WSDP
Mthonjaneni	3	Ntembeni Trad.Court	11/08/09	Introduction of Greater Mthonjaneni Reticulation Phase
	5	Nkwenkwe	01/11/09	Meter installation awareness
		Ndabazen-sangu	14/11/09	Meter installation awareness
	3	Zigagayi & Zimela	28/10/09	Introduction of Greater Mthonjaneni reticulation project to the community
	2	Kwamagwaza	14/11/09	Introduction of WSA & WSP to the community.
Mlalazi	18	Ethafeni	21/04/10	Introduction of Ethafeni Water project to the community
	7	Mathibelana	16/05/10	Meter installation awareness
	10	Eziqwaqweni Emaqeleni Mbizo	23/05/10	Meter installation awareness
Nkandla	2	Mpabalala Nowunda Mthungwini	09/10/09	Introduction of Sanitation project to the Community
		Izilozi	04/11/10	Introduction of sanitation project to the community
	13	Mawana	30/11/09	Introduction of sanitation project to the community
		Ntembeni	20/05/10	Mvutshini WP phase 2 sod turning
	14	Mvutshini		
	10			

#### Water Week Celebration

Water week is celebrated annually during the month of March 2009 to promote water conservation by emphasizing upon all citizens the role they should play in protecting water resources and to ensure that water resources are not polluted.

The uThungulu Water Services Authority section celebrated 2010 Water Week by conducting Water Awareness Campaigns through Schools road shows as follows:-

- Nkandla Municipality : Manyala Primary- 03/03/10  
: KwaMtshwili Primary- 03/03/10
- Mthonjaneni Municipality : St Pauls- 09/03/10
- Ntambanana Municipality : Nhlube - 09/03/10  
: Mgezeni- 19/03/10



### Sanitation Week Celebration:

uThungulu District Municipality celebrated the 2010 Sanitation Week by conducting school road shows in Local Municipalities' wards where sanitation projects are either about to be implemented or under construction.

The Sanitation Week co-ordinating team had difficulties in accessing high schools and some primary schools due to the fact that children were writing half-yearly examinations. The following schools were visited:-

- 20 May 2010: Fuyeni Primary School- Mbonambi Municipality
- 24 May 2010: Nomuwa Primary School - Mbonambi Municipality
- 25 May 2010: Ekuzwaneni Primary School - Nkandla Municipality
- 26 May 2010: Ntolwane Primary School - Nkandla Municipality
- 27 May 2010: Mandlazini Primary School - Ntambanani Municipality
- 01 June 2010: Mgabhi Primary School - Mthonjaneni Municipality
- 02 June 2010: Mcakwini Primary School- Mthonjaneni Municipality

Sanitation is a cross cutting issue. Sanitation awareness programmes improve the social and psychological problems related to poor sanitation. The economic benefits of improved sanitation include savings in health

costs, higher worker productivity, better school attendance, improved tourism and they also reduce water treatment costs while increasing life expectancy, therefore uThungulu District Municipality is investing in educating communities about hygiene.

### A.Municipal Infrastructure Implementation

#### 1. Construction of Cell 2: Solid Waste Site:

The Construction of Cell 2 of the Regional Solid Waste in Empangeni commenced on 28 August 2008 and was 100% completed in February 2010 at a cost of R28 million and will provide airspace for the next 5 years.

#### 2. Progress on the Building construction:

This is the continuation of the work that was started in the past five years and was separated into three phases:

Phase 1 - the renovations of the ExCo Boardroom, Council Chambers and Municipal Manager's Department, completed in 04/05 financial year.

Phase 2 - the construction of piles as a founding structure for the new

## uThungulu Offices Building Project



01 - The impressive new uThungulu building, named Mangosuthu Buthelezi House

02 - The building is officially opened by His Excellency Prince Mangosuthu Buthelezi - Member of Parliament and uThungulu District Mayor, Ald Stan Larkan

03 - The parking area

04 - Construction in progress

## Vutshini Phase 2 Water Project



01



02



02



03



04



04



03



05



05



03



06



07

01 - Rehabilitation of Ntingwe Pump Station at Nsuze River  
 02 - Contractor busy with pipe bedding  
 03 - Pumpstations  
 04 - Pipe backfilling and compaction using pedal foot compactor.

05 - Pipes connection at BPT and T connection  
 06 - Compaction at finishing stage  
 07 - Yard connection Isolation valve and control box



## Greater Mthonjaneni Phase 1 & 2



## Greater Mthonjaneni Phase 1 Reticulation



### GREATER MTHONJANENI PHASE 1&2

- 01 - Greater Mthonjaneni Phase 2A&B: Construction of Reservoirs
- 02 - Excavation for River Crossing
- 03 - Greater Mthonjaneni Phase 2A&B: Construction of Bulk Water Pipeline from Zimela to Ndundulu
- 04 - Construction of Road crossing

### Greater Mthonjaneni Phase 1 Reticulation

- 05 - Installation of BP
- 06 - Labour intensive excavation
- 07 - Preparation of bedding

Multi-Storey middle building linking Bateleur Park and uThungulu House. The project was completed successfully within budget on 26 July 2007. Phase 3 - the construction of the new Multi-Storey building which linked the old Bateleur and uThungulu House buildings and included the upgrading of the latter two buildings. Construction started in 2008 and the original contract amount was R27 780 000.00. An additional floor was approved at a cost of R4 817 751.00 to add more offices to relieve the office shortage. Phase 3 was successfully completed at the end of March 2010. The new building was named after Dr. Mangosuthu Buthelezi and was inaugurated on the 14 April 2010.

The project budget was cash-flowed as follows:

Phase	2004/05	2006/07	2007/08	2008/09	2009/10
Renovation of MM's boardroom and Council chamber	R2,5m				
Piling for the new building in the middle block		R3,2m			
Construction of new offices and renovation of uThungulu House and Bateleur Park buildings			R7m	R27,6m	R7m

### 3. Phase 2: Regional Cemetery:

Phase 2 is currently underway and will comprise not less than 2000 graves. Construction of Phase 2 was planned to commence in December 2009 but due to financial constraints it was delayed and split into two stages of which the first stage consisting of fencing, clearing and surveying of the site will commence in July 2010. The cost of Phase 2 is estimated at R6 million.

### 4. Water projects under construction:

The following projects were under implementation in the 2009/10 financial year:

Project	Ward	Project Value	% Complete
Middledrift Water Supply Phase 2	Ward 14 (KZ 286) & Ward 1 (KZ 284)	R30,080,885.00	99
KwaMbonambi Low Cost Housing	KwaMbonambi Town	R2,291,000.00	80
uMfolozi Water Supply Phase 1	KZ281 - 5 and 6	R16,104,012.00	95
Mhlana Bulk Phase 3B ext.	KZ281 - ward 4	R3,970,113.00	100
Mpungose Bulk Water Supply Phase 1D	KZ 284- 25	R10,344,426.00	100
Upper Nseleni Bulk Water Supply	KZ 282 & KZ 281	R8, 471,254.53	100
Upper Nseleni Phase 1A and 1B	KZ 281 – ward 8 and part 7	R11,661,595.00	100
Upper Nseleni Phase 2	KZ281- Ward 7	R11,661,595.00	92
Upper Nseleni Phase 3B	KZ281- Ward 7	R23 874 330.00	99
Vutshini Phase 2	KZ286 - ward 10	R19,873,400.00	81
Greater Mthonjaneni Phase 1 & 2	Regional Project	R145,441,258.99	78
Ocean View Sewer Treatment Plant	Eshowe – ward 11	R4,403,253.00	100
Ext. of Bulk Services in new Eshowe Industrial Area	Eshowe – ward 11	R3 850 000.00	60





## 5. Progress on sanitation projects:

Project	Ward	Project Value	% Complete
Mthonjaneni Sanitation Phase 2	4	R5,006,226.00	100
uMfolozi Sanitation Phase 2	10, 12 & 13	R11,761,275.00	99
uMlalazi Sanitation Phase 2	Part 19,20,21,22 & 23	R9,227,080.00	100
Ntambanana Sanitation Phase 2	6,7 and 8	R16,088,854.20	92
Nkandla Sanitation Phase 2	8,9 and Part 12	R11,748,706.00	99
Nkandla Phase 3 VIP Sanitation	13 & 14	R21,318,327.15	10
uMlalazi Sanitation Phase 3	2 & 3	R21,762,755.37	0
Mthonjaneni Sanitation Phase 3	2, 3, 5 & 6	R15,602,121.38	0

The Mbonambi Sanitation Phase 2 project, implemented by the Technical Department, and utilizing pre-cast concrete units manufactured at the uMlalazi Pre-cast yard, is nearing completion. The implementation was successful and this will now be extended to the next phase of Mbonambi Sanitation Phase 3, planned to start late in 2010.



- 01 - Middledrift water supply Phase 2
- 02 - Mbonambi Sanitation Phase 2
- 03 - Nkandla Sanitation Phase 2
- 04 - Mbonambi Bulk water project - contractors busy placing shade cloth on the side of the dam
- 05 - Eshowe Industrial area bulk services - connection to the existing line



## 6. Other Projects:

Project	Ward	Project Value	% Complete
New Eshowe Stores	Ward 11	R2,680,844.00	100
Transfer Station at the Melmoth Landfill Site	Ward 1	R2 846 000.00	6

## 7. Support to local municipalities (Building Regulations):

uThungulu is currently supporting Nkandla and Mthonjaneni municipalities on this function. uThungulu support includes the following:

- Evaluation and approval of building plans
  - The total approved plans done by the Building inspectorate in 2009/10:
    - Mthonjaneni (KZ285) - 13 and
    - Nkandla (KZ286) - 11
- Inspection of new construction and enforcement of building regulations
- Inspection of town buildings and identification of encroachments
- Reporting encroachments to the relevant municipality and making recommendations with regards to dealing with such offenders
- Review of municipal building regulations and comments on the municipal bylaws.

## 8. Management of the Regional Landfill Site at Empangeni

In terms of the powers and functions, uThungulu District Municipality is responsible for the provision of the regional landfill site. The Municipality completed a Section 78 investigation which indicated that the operations of the Regional Landfill and Cemetery should be done in-house as it will be more cost effective in the long term. Based on the said investigation, the municipality will be taking over the operations from the two service providers from the 1 July 2010.

Cell 1 at the regional site was closed at the end of February 2010 with the new Cell 2 now being utilized. Cell 1 was designed to accept only GMB+ waste, but due to a number of requests that were continuously received from local industries regarding the acceptance of hazardous waste, Cell 2 has been designed to accommodate the H:h category of waste. Unfortunately the application to receive low hazardous waste was turned down by the Department of Environmental Affairs and the municipality must apply again under the new NEMA Act.

The landfill site has been plagued by an increase of scavengers entering illegally because of the current economic situation. The Municipality is currently looking at options to formalize recycling at the waste site in an attempt to control the scavengers.

As per the permit conditions, a monitoring committee was formed in June 2008 and meets on a quarterly basis to monitor the operations of the site.

## C. Operations And Maintenance Directorate

The work of this directorate is split into a number of sections reflected in the directorate's organizational structure as follows:

1. Operation and maintenance of the water purification and sewage plants within Mthunzini, Gingindlovu, Eshowe, Melmoth and Nkandla Towns; and operations and maintenance of bulk and reticulation networks in the aforementioned towns, including Kwambonambi Town
2. The operation and maintenance of all rural schemes including the water and sewage plants for the clinics and hospitals within uThungulu District



*Opening of Cell 2 of the Regional Landfill site in Empangeni*



*The above photo shows the Crocodile Dam which has dried up and is now being serviced by a water tanker.*

3. Repairs and maintenance of boreholes, handpumps and spring protection
4. Management of the Support Service Agent (WSSA)
5. Water quality testing and compliance with legislative requirements.

The main functions of this directorate can be summarized as follows:

- Operation and maintenance of all water services infrastructure which includes both towns and rural schemes:
- Ensuring that all rural water schemes are operational
- Water production is done in terms of the applicable specifications and national guidelines
- Ensuring that all town water networks are functional and without leaks and the turn-around time for repairs is kept to a minimum
- Ensuring that the sewage systems and plants are operational and maintained in accordance with the DWAF guidelines and prevailing legislation
- Ensuring that water quality tests are done and checked against the SANS 241 specifications
- Effective implementation of the water loss management system
- Effective implementation and management of the Emergency and Drought Relief Programmes of the municipality which includes the following:
  - Drilling, testing and equipping of new boreholes
  - Repairs and maintenance of hand pumps
  - Spring development and protection to provide safe and



*The picture above shows an excavation where a cable was removed from the pole point to the fence at the pump station at the same Mqunzankunzi water project in Ntambanana*



*The photo above shows a vandalized electric panel at Mqunzankunzi water project in Ntambanana*

- clean water
- Provision of water through tankers to the drought stricken areas

The directorate continued with its effort to reduce customer complaints related to water disruptions and systems failure. This has helped in keeping the water losses within the urban areas to 20%, which is in compliance with DWAF guidelines. The challenge is to do the same with the rural schemes as they were constructed following the RDP standards i.e. most of them have communal stand taps which makes it difficult to establish the actual water losses. A number of expensive resources will have to be deployed to address that.

There are many challenges in the process of providing these services, such as to optimize the water tanker supply activities within the Council's available resources. This includes communicating the Council resources and constraints to the local municipalities through meetings with the respective local municipalities and also the affected ward Councillors.

A lot of mileage has been covered in the quest to reduce the usage of water tankers and this is achieved by providing alternative water sources such as hand pumps and pipe extensions where applicable. This culminated in the formulation of a **tanker reduction strategy**.

The strategy looks at the overloaded tanker route and attempts to provide some medium to long term solutions for such areas. The list



*The photo above shows water wastage at Ogelweni, where water is being drawn out of a scheme that is dependent on an already drying-up borehole, for cattle to drink*





The picture above shows what was aimed to be a good rainwater harvesting project by the Department of Agriculture but is now being used to “harvest” project drinking water at Ekuphumuleni water project in uMlalazi



The photo above shows an illegal connection in Nkandla from the Madiyane water project to a nearby school

below summarizes the tanker reduction strategy to be implemented over next three years.

As an interim measure while waiting for appropriate funding for the bulk scheme, the following projects have been identified and will be implemented (subject to availability of funds) in order to ensure that communities continue to access water in the interim. The aim of these projects is also to reduce water tanker requests as well as remove water tankers where applicable:

Nkandla Projects:

Project Name	Location	Ward	Budget	Current Status
Jameson's Drift Artesian borehole (Thuma)	Nkandla LM, Kwamagwaza	Ward 13	R 115789-36	Complete
Jameson's Drift Artesian borehole (Thuma) phase 2 pipe work	Nkandla LM, Kwamagwaza	Ward 13	R 1619741-01	Work complete and project operational
Mdlelanga	Nkandla LM,	Ward 11	R 224989-35	Work complete and operational
Nkethabawili (Thaleni)	Nkandla LM,	Ward 3	R 249531-58	Work complete and operational
Epaki Borehole	Nkandla LM, Emagidini	Ward 2	R 243003-82	Work is complete and operational
Thizman Borehole	Nkandla LM	Ward 8	R 320298-69	Work complete and operational
Khethukuthula Borehole	Nkandla LM	Ward 2	R 357621-99	Work complete and project operational
Madiyane Borehole	Nkandla LM, Nkandla Town	Ward 5	R 339177-00	Completed and operational.
Mandaba Borehole	Nkandla LM, Mandaba	Ward 7		Prioritized for 10/11

The estimated value for the nine Nkandla projects is estimated at R3 470 152.80 excluding the projects that are still under investigation.

This therefore means that one can only be able to implement these projects in phases e.g. equipping of borehole and pump house first, then construction of initial reticulation and rising main and depending on the availability of funds, further extension prospects will be looked at as we have done in the past.





#### Umlalazi Projects:

Project Name	Location	Ward	Budget	Current Status
Nkezweni	uMlalazi	1	R155 737.27	Completed, awaiting Eskom to connect power supply
Ntuli Ngedlezi	uMlalazi	4	R155 544.04	Completed and operational
Samungu	uMlalazi	Part of 6,5 and 4	R1 205 000.00	Completed and fully operational
Isidibha	uMlalazi	7	R 500 000.00	Completed and awaiting Eskom to supply power.
Kholweni Water	uMlalazi	8	R2 400 000.00	Completed and operational
Sqandaqanda	uMlalazi	8	R 191 144.71	Completed and operational
Ethafeni	uMlalazi	18	R1 800 000.00	Completed and waiting for Eskom to connect

The estimated value for the uMlalazi Projects is R 6 407 426.00 excluding the projects that might arise as a result of ongoing sighting and drilling of boreholes but are to be prioritized for the outer financial years.

#### Kwambonambi Projects:

Project Name	Location	Ward	Budget	Current Status
Ekupheleni	Kwambonambi	11	R 399 000	Completed and fully operational

There was only one project for the Kwambonambi/ uMfolozi municipality and this is due to the fact that there is no good quality underground water in this area and most projects are running at full capacity to even consider doing any extensions.

#### Mthonjaneni Projects:

Project Name	Location	Ward	Budget	Current Status
Bedlane	Mthonjaneni	6	R600 000.00	On hold
Yanguye	Mthonjaneni	4	R1 800 000.00	Completed and fully operational

#### Drought

One of the biggest challenges facing this municipality in its attempt to deliver sustainable services is the persistent drought that gets more severe each year. The images below show the extent of the drought in the District especially in the areas of Ntambanana and Mbonambi. This affects the water tanker reduction plan/strategy when rivers and dams dry up, as it increases demand on the service of water tankers which then become the only option to service that community.

#### Drought intervention

KZ	No. of Tankers	No. of Jojo Tanks	Other Storage
281	5	140	6 concrete reservoirs
283	10	178	2 Steel tanks + 1 concrete reservoir
284	8	133	2 concrete reservoir +2 steel tank
285	1	14	7 concrete reservoirs
286	1	18	7 concrete reservoirs +steel tank
<b>TOTAL</b>	<b>25</b>	<b>483</b>	<b>27</b>

For the period of 01 July 2009 to 30 June 2010 about 1 524 120 kilometers (15.5% less compared to last year) were covered by water tankers in supplying water to these tanks as well as to individuals who placed orders and for different municipalities and other government functions within the District, totaling 19 726 loads (14% less compared to last year).

This translates to about 398 ML of water supplied (14% less compared to last year). There are 25 water tankers that are used for this task.

About 44 boreholes were drilled in this financial year but only 35% of them could be used and of the 35% only 30% can be used as production boreholes. The rest were capped due to poor underground water quality and very low yields. These results have influenced the thinking of the municipality in supporting the bulk or regional water scheme concept in its approach to reduce backlogs.

### **Other Challenges**

#### **Vandalism**

The use of Mayoral radio slots, assistance from councillors, as well as other means of communication has been a great help in addressing and reducing the level of vandalism in our projects. Even though there has been a lower number of vandalism incidents this year compared to last year the impact is still very high, both in terms of municipal reputation as well as the financial costs. Vandalism this year cost the Municipality over R550 000-00 on direct replacement costs of the infrastructure, with Mthonjaneni Municipality contributing about R206 000-00 alone and the rest is from the remaining local municipalities.

#### **Illegal Connections/ abuse of water**

Another challenge that the municipality is facing is that of the increasing number of illegal connections and water wastage by communities which impacts on the supply to the rest of the scheme or network. With the continuous completion of bulk projects the level of illegal connections has escalated to very extreme levels and is threatening to cripple the newly completed projects as well.

We are currently embarking on water user education coupled with the installation of individual meters in the interests of promoting responsible water usage and instilling a culture of payment to users.

# Oversight Report 2009/2010

## 1. Introduction

- 1.1 Section 129(1) of the Municipal Finance Management Act, Act 56 of 2003 requires the Council of a municipality to consider the Annual Report by not later than two months after the annual report was tabled in Council.
- 1.2 Council is further required to adopt an Oversight Report containing Council's comment on the Annual Report.
- 1.3 The final Audit Report for the 2009/2010 financial year was officially received on the 22nd December 2010, reporting that the District Municipality had received an unqualified Audit Report and the opinion is as follows :  
*" In my opinion, the Financial Statements present fairly, in all material respects, the consolidated and separate financial position of the uThungulu District Municipality as at 30 June 2010, and its consolidated and separate financial performance and its cash flows for the year ended in accordance with Standards of GRAP and in the manner required by the MFMA and DoRA."*
- 1.4 Council deliberated on the Annual Report and the audited Consolidated Annual Financial Statements on 14 December 2010 and 25 January 2011 respectively, and made recommendations and comments which have been effected in the final draft annual report.

## 2. Municipal Scopa

The following members serve on the Municipal SCOPA (Standing Committee on Public Accounts) and have been tasked to finalise the Oversight Report and present it to Council.

- Cllr IA Stone
- Cllr LCM Fourie
- Cllr MM Mbokazi
- Cllr DA Nxumalo
- Cllr DK Palavar

## 3. 2009/2010 ANNUAL REPORT

- 3.1 The community was advised through the print media on 17 January 2011 that the Audited Consolidated Annual Financial Statements will be discussed at a Special Council meeting to be held on 25 January 2011.
- 3.2 The 2009/2010 Annual Report was approved by Council on 14 December 2010 and a notice to inform the community of this meeting was advertised in the local media on 09 December 2010.
- 3.3 The report highlights the many successes of the municipality in terms of the five strategic focus areas captured in its vision

statement, viz. "An economically sound district with effective infrastructure and a district municipality which empowers people protects the environment and demonstrates leadership excellence."

- 3.4 The municipality's success in each of the five strategic focus areas, are well captured in the Annual Performance Report, which makes up a significant portion of the Annual Report.
- 3.4. The SCOPA noted that the draft unqualified Audit Report for the financial year ending 30 June 2010 was tabled at a joint meeting between the Office of Auditor General and Audit Committee held on the 22nd November 2010, where all matters relating were discussed and resolved. It was agreed by the Audit Committee members that should there be any changes to the presented audit report other than those discussed and agreed upon no further meetings would be required of the Audit Committee.
- 3.5. Subsequent to this meeting no further matters were raised by the AG and on the 2 December 2010, the Office of the Auditor General at a hand over ceremony in Pietermaritzburg presented the 2009/10 Unqualified Audit Report for Uthungulu District Municipality.
- 3.6. The unqualified audit report for the Uthungulu District Municipality's consolidated Annual Financial Statements was received on 22 December 2010.

## 4. Recommendations Of The Scopa

- 4.1. The Unqualified Audit Report of the uThungulu District Municipality for 2009/10 financial year received from the Office of the Auditor General be noted.
- 4.2. It be noted that the AG Report indicated that the District Municipality had received an unqualified audit report and the opinion is as follows:  
*" In my opinion, the Financial Statements present fairly, in all material respects, the consolidated and separate financial position of the uThungulu District Municipality as at 30 June 2010, and its consolidated and separate financial performance and its cash flows for the year ended in accordance with Standards of GRAP and in the manner required by the MFMA and DoRA."*
- 4.3. The uThungulu Annual Report for the 2009/10 financial year be approved.

## 5. Conclusion

The uThungulu Council has approved the 2009/2010 Annual Report without reservation.





**UTHUNGULU**



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This annual report was produced by the  
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